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5 DECEMBER 1986

SOUTHEAST ASIA REPORT

CONTENTS

AUSTRALIA

Tasman Tax Avoidance Scheme Prompts Treaty Concerns (Robert Garran; THE AGE, 30 Oct 86).....	1
Iron Ore, Coal Export Issues With Japan Raise Fears of Cuts (THE SYDNEY MORNING HERALD, 29 Oct 86; THE AGE, 30 Oct 86).....	2
Pressure To Cut Coal Exports, by Steve Burrell	2
Cuts in Iron Ore Prices Pushed, by Simon Holberton	3
Problems Confuse Relations, by Simon Holberton	4
Paper Analyzes Canberra Fear of USSR Presence (Patrick Walters; THE SYDNEY MORNING HERALD, 30 Oct 86)..<	6
Executive Advises Business Against Industrial Confrontation (John Schauble; THE AGE, 30 Oct 86).....	8
Oil Industry Wins Tax Review (Peter Gill; THE AGE, 30 Oct 86).....	9

INDONESIA

Suharto, Maltese President Hold Talks 11 November (Jakarta International Service, 12 Nov 86).....	10
Paper Reviews Australian Project in SRV (Editorial; THE JAKARTA POST, 6 Nov 86).....	11

Government Firms To Become More Accountable (MANILA BULLETIN, 5 Nov 86).....	70
Manila Columnist Concludes PDP-Laban Under Conservatives (Jesus Bigornia; MANILA BULLETIN, 31 Oct 86).....	71
TIMES Criticizes Failures of Aquino Government (Editorial; THE MANILA TIMES, 5 Nov 86).....	72
Manglapus Party To Field Candidates (MANILA BULLETIN, 31 Oct 86).....	73
Alvarez Assures Farmers on Land Reform in Charter (THE MANILA TIMES, 3 Nov 86).....	74
Benguet Subsidiary Buys Seized Shares (MANILA BULLETIN, 29 Oct 86).....	75
Sugar Workers Federation on Negros Starvation, Aid Started (THE MANILA TIMES, 3 Nov 86).....	76
Sugar Board Says Production May Drop, Assures Quota (MANILA BULLETIN, 31 Oct 86).....	77
Firm Buys Back Copra in Anticipation of Shortage (MANILA BULLETIN, 31 Oct 86).....	78

SINGAPORE

Briefs Japan's Active Investment Sought	79
--------------------------------------------	----

VIETNAM

MILITARY AFFAIRS AND PUBLIC SECURITY

Corruption Rules Ho Chi Minh City Fishing Unit (Hai Bang; LAO DONG, 24 Jul 86).....	80
----------------------------------------------------------------------------------------	----

ECONOMIC PLANNING, TRADE, AND FINANCE

Regulations Outline Increased Cooperative Autonomy (TIEU CONG NGHIEP THU CONG NGHIEP, 22 Aug 86).....	83
Bank Loan Practices Assist Business Autonomy (TIEU CONG NGHIEP THU CONG NGHIEP, 29 Aug 86).....	85
Small Industry, Handicraft Business Tax Rates Explained (TIEU CONG NGHIEP THU CONG NGHIEP, 29 Aug 86).....	87

Draft Political Report on Minh Hai CPV Committee Published (NHAN DAN, 6 Oct 86).....	89
Market Management Situation in Vinh City Reported (Huu Hanh; DOC LAP, 17 Sep 86).....	96
AGRICULTURE	
Rational Use of Farmland Advocated (Editorial; NHAN DAN, 17 Sep 86).....	101
HEAVY INDUSTRY AND CONSTRUCTION	
Union Leader Visits Miners, Cement Workers (Phu Nhuan; LAO DONG, 24 Jul 86).....	103
Measures Taken To Improve Cement Production (Nguyen Thao; NHAN DAN, 16 Sep 86).....	105
LIGHT INDUSTRY	
Small-Industry, Handicraft Activities in First Half-Year (Hong Phuong; TIEU CONG NGHIEP THU CONG NGHIEP, 15 Aug 86).....	108
Solving Problems in Sewing Sector Recommended (Minh Nam; TIEU CONG NGHIEP THU CONG NGHIEP, 15 Aug 86).....	111
Poor Quality Goods Returned After Passing Inspection (Hung Quoc Anh; TIEU CONG NGHIEP THU CONG NGHIEP, 29 Aug 86).....	114
LABOR	
Electrical Equipment Workers Report Hardships (LAO DONG, 24 Jul 86).....	116
Role of Assault Youth in Economic Construction Reviewed (Phan Van Tuyen; NHAN DAN, 17 Sep 86).....	119

/12223

AUSTRALIA

TASMAN TAX AVOIDANCE SCHEME PROMPTS TREATY CONCERNS

Melbourne THE AGE in English 30 Oct 86 p 1

[Article by Robert Garran and AAP]

[Text] CANBERRA. — The tax treaty between Australia and New Zealand may have to be rewritten to stop the trans-Tasman double-play tax scheme, according to the New Zealand Government's chief tax spokesman.

New Zealand's undersecretary for finance, Mr Trevor de Cleene, said in a television interview that the scheme was an immoral but legal practice which had allowed big business to defraud ordinary wage earners.

Australian Government sources said the Government was not convinced that the scheme was widespread. But if the results of an investigation into the scheme, expected to be completed "very soon", showed it was significant that the Government would act to halt it.

The scheme, the trans-Tasman double-play, was revealed in 'The Age' last week. It allows companies operating in both Australia and New Zealand to claim a tax deduction in each country for the same expense, usually for interest paid on borrowings.

Market observers have suggested that the scheme would partly explain a dramatic increase in the number of New Zealand companies investing in Australia during the past two years.

Mr de Cleene said the main difficulty in controlling the scheme was to define which country was a company's residence. "I think it would be arguable that the Australians and us would have a difference as to where . . . someone is resident and to whom they owe the principal obligation of tax."

Tax officials from Australia and New Zealand are investigating the scheme, which is potentially open to nearly all New Zealand's booming entrepreneurial company groups.

Mr de Cleene canvassed a number of ways of dealing with the scheme. "We could look at the proposition that interest that was formally deductible to acquire shares in another company could be made non-deductible. We could look at the fact that the companies themselves could not have deductibility of profit and loss against other companies in the group.

"Business at this high level has to expect that if they show such a lack of concern for the ordinary people paying tax then the governments of both countries will have to act."

News of the scheme comes less than a month after the New Zealand Government introduced a "new and fair tax system for all", designed to quash tax avoidance.

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AUSTRALIA

IRON ORE, COAL EXPORT ISSUES WITH JAPAN RAISE FEARS OF CUTS

Pressure to Cut Coal Exports

Sydney THE SYDNEY MORNING HERALD in English 29 Oct 86 p 2

[Article by Steve Burrell: "Coal exports in 'political' web"]

[Text]

CANBERRA: Japanese pressure to cut Australian coal exports was based on political considerations rather than rational commercial judgement, senior Government ministers said last night.

The Minister for Trade, Mr Dawkins, and the Minister for Resources, Senator Evans, said suggestions that a downturn in the Japanese steel and power industries meant a cut in both the price and amount of coal bought from Australia were inconsistent with their continued purchases from more expensive local and North American suppliers.

In a strongly worded statement, the ministers suggested that the moves to cut back Australian exports in favour of US and Canadian suppliers was a response to the political problems caused by Japan's huge trade surplus with the US and pressure from the Japanese coal industry.

"Japanese pleas for understanding from Australian suppliers would carry more weight if they were couched in economically rational terms," they said.

"Australian coals are already competitively priced and many of the Japanese difficulties could be addressed by increased reliance on Australian coals rather than

continuing to purchase high priced coals elsewhere.

"For Japanese buyers to expect Australian exporters to accept substantial price cuts while they maintain their purchases of non-competitive coals is tantamount to asking Australia to subsidise other inefficient sources - notably Japanese domestic output and imports from some Canadian mines and the United States," the statement said.

Australian coal exporters have come under strong pressure at the Australian-Japan Coal Conference in Tokyo to accept sales cutbacks and price reductions of \$A6.25 a tonne. The threatened reductions follow last year's 10 per cent price drop for the \$3 billion a year export industry - Australia's largest.

They could add several hundred million dollars to Australia's trade deficit and cause widespread job losses. These would be concentrated in the high-cost underground mines, including collieries on the NSW South Coast.

Government sources concede that some fall in coal prices is inevitable because the loss of competitiveness of the Japanese steel industry after the revaluation of the yen and a slower Japanese economy has reduced demand for coal.

But, ministers are angry that the

Japanese have used this as a justification for reducing the market share of Australia's efficient coal industry.

The final form of national interest guidelines for coal exports, recommended by a special Caucus committee, is expected to emerge from the Australian Coal Consultative Council conference on November 5, but they unlikely to go far beyond the original guidelines which relied heavily on ministerial discretion.

Brad Norington reports: About 30,000 coal miners in three States will be called to begin a series of 24-hour strikes from November 10 to protest at low prices charged for coal following the Federal Government's deregulation of export controls.

The Australian Miners' Federation fears the loss of jobs and coal exports worth more than \$A100 million in view of estimates on price and volume cuts to come out of the Australia-Japan Coal Conference under way in Tokyo.

The chairman of the National Liaison Committee of mining unions, Mr John Maitland, said yesterday that price cuts of this magnitude would translate into the loss of 2,000 mine jobs.

A meeting of the NLC on Friday is expected to endorse an intense public campaign against cuts to coal prices.

Cuts in Iron Ore Prices Pushed

Sydney THE SYDNEY MORNING HERALD in English 29 Oct 86 p 33

[Article by Simon Holberton]

[Text] Australian producers of iron ore have come under strong pressure from the Japanese steel mills to lower prices in coming annual sales negotiations or face further cuts in tonnage.

In a carefully worded speech to yesterday's ninth iron ore conference in Tokyo, Mr M. Yoshida, the general manager of Nippon Steel's iron ore division, left few in doubt that another shipper, most likely India, would benefit from any Australian intransigence on the price it sought for its ore.

Australia's share of Japan's iron ore market has fallen from 48 per cent to around 43 per cent. During that time, India, which has been prepared to lower prices, improved its share of the market.

Although Mr Yoshida praised the quality of Australian iron ore and the infrastructure to support its export competitiveness, he said: "This cost competitiveness would be meaningless to consumers unless it is reflected in the selling price of iron ore."

He said that Australian producers had failed to deal on price because they wanted to protect the prices they received for iron ore in other north Asian markets. He said this was short-sighted considering that Japan bought more iron ore than both countries put together.

But public and private statements today by senior Australian company executives indicate that the miners will be prepared to be more aggressive on price competition. One executive implicitly recognised this when he said "for iron ore exporters the issue is trying to find ways of increasing market shares".

Mr S. Matsuoka, a senior managing director of Sumitomo Metal Industries, said the steel industry considered its present and future difficulties as very critical and quite different from those in the past.

"(This) is because the current production cut-back seems to be deeply rooted in the Japanese economic structure, while those in the past were simply adjustment of production to the fluctuation of the economy ... In short the Japanese economy is now coming to a turning point in its industrial structure."

In terms of the industry's future, Mr Matsuoka said, the critical determinant was the yen/US dollar exchange rate, because so much of Japan's steel output is exported. But he was pessimistic on this outlook.

In general, Australian producers think the Japanese are exaggerating the steel industry's problems.

Problems Confuse Relations

Melbourne THE AGE in English 30 Oct 86 p 23

[News Analysis by Simon Holberton in Tokyo: "Veiled threats and image problems confuse Australia Japan relations"]

[Text]

THIS week's meeting of the Australian coal industry and the Japanese steel mills and next week's investment mission led by Senator Button highlight the ways in which Australia is confusing its economic relations with Japan.

A statement released on Tuesday by the Trade Minister, Mr Dawkins, and the Resources and Energy Minister, Senator Evans, shows that neither minister understands the situation in the Japanese and world steel industry, or the limits to their own power in determining commercial relations between the two countries.

Senator Button's investment mission — conceived while the Prime Minister and his advisers were flying to Japan in June — also points to the limitations of Canberra's thinking.

It assumes that a roadshow presentation of Australia's high-tech wares at one-day seminars in Tokyo and Osaka will stimulate Japanese investment in Australia. Many here, both Japanese and Australian, believe it will not.

The image Australia projects in Japan is still one of a country looking for the easy way out; a country which self-righteously believes it is owed a living.

The ministers' joint statement was unnecessary. Coming just after Mr Dawkins's sensible decision to do away with export controls, it represents a backward step.

It was a piece of intimidation, despite its sincere motives. It implied dark threats and hinted at unspecified actions the Government might take if coal companies bent to Japanese pressure on pricing and tonnage for next year's contracts.

Coming just before Senator Button's mission, the statement also sent the wrong signals to Japan. Australia is trying to sell itself as a land of investment opportunities,

but the Government is seen to be strong-arming one of its own industries into not bowing to Japanese pressure.

The statement showed a lack of understanding of the reality of Japanese and world steel industries. If the Japanese steel industry is going to produce less steel in the coming years, it will use less coal and iron ore. If the Japanese industry is going through a period of restructuring, then the steel industries of the emerging industrial countries are expanding.

Although Australian shippers of coal and iron ore will probably lose some Japanese tonnage, the best of them are likely to recover it in other north Asian, Latin American and European markets.

According to Australian coal industry executives, seaborne trade in coking coal is expected to grow by 2.5 per cent next year despite Japan's problems, and thermal coal trade is expected to grow between five and seven per cent.

Australian shippers to Japan may have to take price cuts of \$US3 to \$US4 a tonne as well as supplying a higher proportion of lower-priced and lower-quality coal to the mills. But with worldwide demand growing, the total loss to Australia's balance of payments should be kept to a minimum.

Senator Button's investment mission represents a problem of a different nature — the way a government goes about encouraging direct foreign investment — but is also indicative of the "shoot-from-the-hip" formation of policy.

The need for an "initiative" to come from Mr Hawke's June visit overrode the advice of senior Australian officials, who recommended strongly against it.

Senator Button has an uphill battle to convince the Japanese that Australia is a good place to invest. The Japanese have doubts in two main areas. The first is an

image problem: strikes and labor problems and unreliable ports. The strongest impression many Japanese businessmen take away with them is of an airline strike and the subsequent inconvenience.

Japan's ambassador to Australia, Mr Toshijiro Nakajima, is a strong supporter of the mission. He said it should tackle the negative perception of labor above all else. "There has been a remarkable improvement in industrial relations and a growing awareness in Australia that labor relations ought to be reviewed," he said.

"But there is a perception, a lingering perception because of the past, that Australia is not an easy country when it comes to industrial relations."

The second area of concern relates to Australia's (small) size and distance from world markets. The competition for Japanese direct investment is increasing as it eases into its role as the world's biggest exporter of capital.

Japanese companies are investing in Europe and the United States because they fear exclusion from those markets. They also want to protect their market shares from the harmful effects of the high yen.

Japanese industry is relocating to Europe because of a European decision to apply anti-dumping duties to many products.

The recent moves by the Japanese automobile, steel and semiconductor industries into the US market can be explained in a similar way. The Japanese are moving offshore to protect their access to huge markets, and they are moving directly into those markets, not to a distant land.

To be fair, the Australian mission is not seeking Japanese investments in the fields mentioned. It is looking to biotechnology, telecommunications, computers and computer software, automotive components and processed metals and minerals.

The booklet produced for the Japanese makes everything sound good, but leaves almost everything up in the air.

In the biotechnology section, for example, we are told of the advances made in the isolation of hormones. The hormone relaxin is mentioned. What is not said is that the scientist who developed it at the Howard Florey Institute in Melbourne was so frustrated by the lack interest shown by Australian business that he took it to America to be developed by Genetech.

More than \$300,000 is being spent on the seminars in Tokyo and Osaka, but has the Australian Government approached it in the right way? Is the idea of the seminars sound, and have the right audiences been targeted?

From discussions with Japanese and Australians here, the answers to all these questions is "no". The mission was thrown together more for political gratification than with any thought to what was to be achieved.

Also, the seminars are producing a series of generic areas for the Japanese to consider and not dealing in specifics. "It is too general," said one Australian. "If you speak to the Japanese as a group they are not going to speak to you because they do not want to tell their competitors what they are interested in."

The Japanese will attend, but it is likely many will be professional seminar attenders. A source at the Japan External Trade Organisation said: "Many attend because they are members of JETRO and feel an obligation."

The proof of success will be in the results which come from the mission. Results can be measured and evaluated by seeking the co-operation of the companies coming to Japan to participate in the seminars. It will be a waste of time and money if they are not evaluated.

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AUSTRALIA

PAPER ANALYZES CANBERRA FEAR OF USSR PRESENCE

Sydney THE SYDNEY MORNING HERALD in English 30 Oct 86 p 17

[Commentary by Patrick Walters: "The Soviets Look South"]

[Text]

ONE EVENING in 1855 most of Melbourne's establishment were attending a ball eight kilometres from the city. Far away in the Crimea, Britain and France were at war with Russia. As the band played and the beer flowed a pale-faced man entered the room and whispered the news. The men huddled together, the music stopped, the bar emptied, and panic spread as the word got around: "The Russians have landed."

The sound of guns firing had been heard in the city. But the fear gave way to uneasy relief when a messenger arrived with welcome news. It had been nothing more than a British ship firing a "feu de joie".

One hundred and thirty years later the spectre of Soviet military might is again overshadowing Australian perceptions of the security of the South Pacific.

Australian politicians and US admirals increasingly speak of the Soviet "threat" to a region notable for the absence of great power interests and ambitions. The Soviet naval base at Vietnam's Cam Ranh Bay is cited by some Liberal politicians as a direct military threat to Australia.

After 30 years of steady shipbuilding the Soviet Union has firmly established itself as a naval superpower. It is seeking to expand its maritime, particularly fishing, interests in the South Pacific and to build political ties with the small states in the region.

The Russians are coming. But they are coming as diplomats and salesmen in safari suits, rather than in Red Army uniform. As yet the Soviet military

presence in our region remains negligible. No Russian surface warship has been sighted in the south-west Pacific for more than a century.

If the superpowers ever go to war they will do battle in the northern Pacific rather than in the Coral Sea. The South Pacific is of low military priority and of little strategic interest. In the event of a nuclear exchange the only Soviet targets in the south-west Pacific would be the US facilities at Pine Gap, Nurrungar and North-West Cape. Indeed, talk of the new Russian military threat tends to overlook more important changes in the way the Soviet Union is now conducting its foreign policy.

The expansion of Soviet military might has largely been confined to the north of Asia and the northern Pacific.

The Soviet base at Cam Ranh Bay in Vietnam, the largest Soviet naval base outside the USSR, now berths at any one time about 20 ships and several submarines. The Russians also station Tu16 Badger, Tu94 Bear reconnaissance aircraft and a squadron of Mig 23 aircraft.

Cam Ranh Bay, as well as giving the Soviet Union the means of supporting its naval deployments into the Indian Ocean, has given the Russians a useful location for the projection of influence in the south-east Asian region.

While the base has given them a certain amount of political leverage it has aroused the suspicions of ASEAN. It has also probably ensured that the US will remain at Subic Bay and Clark Field and has contributed to a strengthening of shaky US alliances with other

South-East Asian countries. Cam Ranh Bay plays no central role in Soviet military strategy in the Pacific. If general war broke out it would be lucky to last a day. Soviet military strategy in the Pacific is primarily designed to protect its far eastern territories in the north-west Pacific.

For all its military hardware, the Soviet Pacific territories would be enormously vulnerable in a general war. With a minimum amount of land strikes the Soviet Far East could be cut off from the heartland of Europe.

The Russians face a formidable, more modern US Navy in the Pacific (the Seventh and Third Fleets) that is far superior in virtually every sphere, particularly anti-submarine warfare, as well as an increasingly capable Japanese navy. Closer to home are a billion Chinese, now more inclined towards the West and growing ever more powerful.

For the citizens of Vladivostok it is about as far to Moscow as it is to Darwin, 6,000 kilometres to the south. Wedged between Manchuria and North Korea this isolated outpost sits on the extreme southern tip of Russia's Pacific territory looking across the Sea of Japan.

It was here at the end of July that Mikhail Gorbachev launched a new diplomatic offensive in the western Pacific. Uppermost in his mind was the desire to heal the Sino-Soviet rift, develop relations with Tokyo, and arrest the 30-year decline of Soviet prestige and influence in south-east Asia and the Pacific.

Gorbachev said the time had come to make a radical break "with many customary attitudes to foreign policy."

The Soviet Union, he declared, would try to expand its ties with all countries in the region, including the smallest nations in the South Pacific, and would consider turning Vladivostok into a major commercial centre for the western Pacific.

The Vladivostok speech is the most public evidence yet of the changes under way in the conduct of Soviet foreign policy. It is also an admission of the failure of Soviet foreign policy initiatives in Asia and the Pacific in the two decades before 1985. While the Soviets now have a much larger military presence in the Pacific, they enjoy far less political support than they did in the Khrushchev years.

IN THEIR relations with Canberra the Soviets are conducting a far more sophisticated brand of diplomacy. Canberra journalists were given a comprehensive one-hour briefing straight after the Reykjavik summit in stark contrast to the Americans. This kind of openness — "glasnost", as the Soviets refer to it — dates from Gorbachev's ascension to power early in 1985.

In the South Pacific the Soviets have been encouraged by the breakdown of the ANZUS treaty, the bitter resentment of Forum countries at the bullying antics of American tuna boat fishermen, and the intense opposition to French nuclear testing.

The sirens now being sounded in Australia about the growing Soviet threat reflect the insubstantial nature of our relations with our South Pacific neighbours. Our traditionally close ties have been undermined by a niggardly diplomatic effort in recent years.

Moscow has found it hard to establish even a toehold in the South Pacific. There is little empathy for the Russians amongst Forum countries.

There are no communist parties and Christianity, rather than marxism holds sway. There are no one-party states and the "pacific way" of consensus decision-making is completely alien to the Soviet tradition.

The Soviets still have only one permanent fishing base in the region (New Zealand), but have been scouting for shore facilities elsewhere, notably in Vanuatu. The controversial fishing agreement with Kiribati, signed last year, recently collapsed in disagreement over fees. In addition to pursuing their fishing interests the Russians also have a big oceanographic research program in the South Pacific where they have been active since 1957.

The United States, Australia, and New Zealand are now redoubling their efforts to restore their traditionally close links with the nations of the South Pacific. Last week the US, after nearly two years of wrangling, finally signed a multilateral fishing agreement with the Forum countries which will help restore its good offices with the island states.

Australia is now stepping up its defence co-operation with the region. The \$60 million Pacific patrol boat program, after initial scepticism, is now rated a big success with at least 12 boats to be supplied to the region for coast

guard and surveillance duties. The Defence Minister, Mr Beazley, is also keen for the Navy to acquire at least eight new patrol frigates which will be important flag-wavers for Australia in the region.

While Mikhail Gorbachev promises a more flexible approach to dealing with the Pacific, Moscow's quest for legitimacy in the region will continue to be hamstrung by its overwhelmingly militaristic posture.

AUSTRALIA

EXECUTIVE ADVISES BUSINESS AGAINST INDUSTRIAL CONFRONTATION

Melbourne THE AGE in English 30 Oct 86 p 16

[Article by John Schauble: "BHP executive advises against New Right industrial tactics"]

[Text] A senior BHP executive last night advised business leaders against the trend of confrontation in the industrial relations arena.

Mr Peter Laver, general manager of the BHP Steel International Group, told a Liberal Party seminar in Melbourne last night that the "bellicose attitudes being adopted by what has been called the New Right" were unfortunate.

While approaching industrial relations from a conciliatory approach was "less exciting" than the road being advocated by many conservatives, Mr Laver said, it was ultimately more effective.

Mr Laver also said that the main employer groups were largely unrepresentative of employers, particularly in the industrial relations arena.

According to Mr Laver, groups such as the Confederation of Australian Industry and the Business Council of Australia were less representative than most trade unions.

He told the seminar on industrial relations and wages policy that it was clear, however, that many of those involved in the industrial relations arena "seem to have forgotten that industrial relations is about people". Workers were looking for leadership and would look either to employers or unions, depending on who offered the stronger form, he said.

"There is no doubt in my mind that changes to the industrial relations system are required," Mr Laver said. There was scope for those employed in the existing arbitration system to play a part in industrial relations reform if they were given adequate powers, he said.

The "saturation bombing" tactics used by employers in overcoming confrontations such as the Mudginberri abattoirs dispute and the long-running Dollar Sweets dispute had proved successful, but they would ultimately fail as a broad approach to industrial relations, he said.

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AUSTRALIA

OIL INDUSTRY WINS TAX REVIEW

Melbourne THE AGE in English 30 Oct 86 p 23

[Article by Peter Gill in Canberra]

[Text]

The oil industry yesterday won a tactical victory in its campaign for lower secondary taxation when the Federal Government announced a review of crude oil excises yesterday.

It will be the first formal review of secondary taxation since the basis of the current excise regime was established in 1979.

The Minister for Resources and Energy, Senator Evans, revealed the review in a speech to the Australian Pipeline Industry Association in Brisbane.

Senator Evans acknowledged the calls made at the September 'Energy 2000' conference for the removal of secondary taxation on oil production as a means of boosting exploration and enhancing Australia's self sufficiency prospects in petroleum.

"But what the Government always has to weigh up are the overall costs and benefits of any particular regulatory or taxation regime," Senator Evans said.

"Current petroleum marketing arrangements are due to expire at the end of next year and the allocation arrangements, along with pricing, were to be reviewed before then with a view to possibly introducing a free market in 1988."

"That review will go ahead, but will be expanded to also encompass taxation arrangements, in areas not subject to resource rent royalty or resource rent tax, in view of the degree of industry concern with present taxation arrangements," he said.

The inclusion of taxation arrangements in the free market review is significant because it gives the oil industry another opportunity to build on the foundations laid at the Energy 2000 conference.

The Government was confronted with an alliance of the explorers and refiners in the oil industry calling for a regime which confined taxation to company tax and which did not distort investment decisions.

Senator Evans challenged the industry to show that Australia's tax regime was out of line with the rest of the world, that alternative revenue sources were available, that exploration would be boosted by dropping secondary taxation, and that there was

something wrong in principle with the community getting its share of a depleting national resources.

A response to that challenge is being prepared by the industry and now, after yesterday's statement, it has a specific forum.

Consideration of a free market, which would remove the requirement for Australian refiners to absorb 350,000 barrels a day of local production and dismantle the import parity pricing system, will provide the Government with an opportunity to reconsider taxing arrangements right across the petroleum industry.

The Industries Assistance Commission recently told the Government that its switch in taxation from crude oil producers to motorists — following the crunch in oil prices — has led to a petrol excise which is too high, is taxing inputs and is economically inefficient.

Excises on crude oil peak at 80 per cent for oil discovered before 1975 and 35 per cent for discoveries since that date. The petrol excise is 19.7 cents a litre — nearly half the cost of petrol.

Senator Evans' exclusion of RRT and RRR — cashflow-based taxes operating on Jabiru and Barrow Island production respectively — from the review seems to indicate the Government regards this form of taxation as appropriate and not negotiable.

/12828

CSO: 4200/127

INDONESIA

SUHARTO, MALTESE PRESIDENT HOLD TALKS 11 NOVEMBER

BK120925 Jakarta International Service in English 0800 GMT 12 Nov 86

[Text] The visiting Maltese President, Agatha Barbara, has stated that Indonesian exporters can benefit from the use of port facilities available in Malta in selling their products to Europe and North Africa. Delivering her address at a state banquet held at the State Palace in Jakarta last night, she further said that basic materials for industries could be processed in Malta to make the products competitive on the European market because of the exemption of tax. In other parts of her address, President Agatha Barbara said that Malta is one of the nonaligned countries and is now endeavoring to promote peace, security, and cooperation among countries not only in the Mediterranean region but also in all other regions in the world.

Meanwhile, President Suharto on the occasion called for improved economic and trade ties between Indonesia and Malta which until now are still very limited in their volume and size because of the great geographic distance between the two countries. According to President Suharto, similarity in various international issues between the two Nonaligned Movement members constituted a solid foundation for the expansion of bilateral cooperation in trade and economy.

President of the Republic of Malta Agatha Barbara arrived in Jakarta yesterday for a 4-day visit to Indonesia. On Tuesday afternoon, she held talks with President Suharto at the Merdeka Palace in Jakarta. During the talks, President Agatha Barbara gave further support for Indonesia to host the next nonaligned summit. The two heads of state also exchanged views on the policies of their respective governments with regard to international, regional, and bilateral issues. The Maltese president told the host that her visit was aimed at promoting cooperation in bilateral matters as well as in dealing with world problems in the international forum.

Today, President Agatha Barbara who is accompanied by some of her cabinet ministers during the visit will also hold talks with several Indonesian businessmen in Jakarta. Tomorrow, she is scheduled to leave Jakarta for Yogyakarta, Central Java, and Denpasar, Bali, before leaving the country on Friday.

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INDONESIA

PAPER REVIEWS AUSTRALIAN PROJECT IN SRV

BK101125 Jakarta THE JAKARTA POST in English 6 Nov 86 p 4

[Editorial: "No Cause For Alarm"]

[Text] The irritation shown by ASEAN members on Australia's activities in Vietnam and Kampuchea reflects the incoherent strategy that some members of this Association of Southeast Asian Nations have been pursuing regarding the Kampuchean conflict.

Let us reiterate the facts. Firstly, the Overseas Telecommunications Commission of Australia has agreed to install a satellite earth station somewhere outside Ho Chi Minh City. This shows Vietnam has realized the importance of having direct links with the outside world if it is really serious in promoting its trade relations and economic growth. It was reported the only telex lines available in Ho Chi Minh City, left over from the days when the city was known as Saigon, were direct lines to Tokyo and Singapore. It is common knowledge that of the ASEAN countries, Singapore has the largest trade volume with Vietnam. A satellite earth station installed near Ho Chi Minh City would speed up the two-way trade with Indonesia, for instance, that through a state trading company has been trying very hard to develop better trade relations with Vietnam.

If ASEAN is serious that Vietnam should have a more realistic understanding of the outside world, meaning of course outside the COMECON world, they why should the association's leaders object to a satellite earth station in Vietnam? Don't they realize that such modern communication facilities would provide high-ranking party officials and senior military officers with access to programs broadcast from Singapore, Manila and Bangkok plus news broadcasts from the United States? ASEAN should be grateful to Australia for its success in softening Vietnam's hard siege mentality, forcing it to open up to the outside world.

The second fact is more serious. As reported, Australian nongovernmental agencies have opened a coordinating office in Phnom Penh to oversee their aid programs in Kampuchea.

Singapore's foreign minister, acting as chairman of the ASEAN Standing Committee, has sent a protest letter to Canberra. We would like to find out what the main arguments were in that letter. Is it perhaps that this non-governmental Australian aid office in Phnom Penh could strengthen the Heng Samrin Government?

It might be useful to remember that during the heyday of international relief programs from 1979 on, Singapore was the base of supply for those programs. At least, once a week a chartered plane left Singapore with all sorts of supplies to Phnom Penh's Pochentong airport. Other relief organizations also have offices in Phnom Penh, including the Geneva-based World Council of Churches. Despite many problems, these relief workers have done an admirable job. They are restoring life in Kampuchea after it was almost destroyed after four years of the Pol Pot regime.

It seems clear to us that ASEAN should take a united, unequivocal stand as far as Kampuchea is concerned. If the aim is to make the Vietnamese occupation too costly, leading to the eventual collapse of the Heng Samrin regime, the ASEAN should resort to military means to accomplish that objective. Of course, this is impossible as ASEAN is not a military grouping and has no intention of ever becoming one.

Short of military intervention, ASEAN must realize that the Heng Samrin regime is not going to disappear overnight, and that relief offices such as the Australian are working to assuage the plight of the Kampuchean people who are still recovering from the unprecedented brutality of the Khmer Rouge.

ASEAN should also be extremely wary of playing into the hands of the People's Republic of China which would like to see the conflict prolonged as long as possible to keep Vietnam weak and isolated.

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INDONESIA

BRIEFS

DIPLOMATIC APPOINTMENT--President Suharto installed three new Indonesian ambassadors at a ceremony in Jakarta on 6 November. They are (retired) Air Chief Marshal Sukardi, accredited to the FRG; (retired) Admiral Mohamed Romly, accredited to the Netherlands; and Sularto Sutowardoyo, accredited to the Republic of Zimbabwe. Earlier, the president received credentials of new GDR Ambassador Siegfried Kuhnel and new Thai Ambassador Kamthon Udomrittirut. [Summary] [Jakarta KOMPAS in Indonesian 7 Nov 86 pp 1, 8 BK] /9738

BORDER CROSSERS RETURN HOME--A total of 229 border crossers from two major camps in the southern part of Papua New Guinea [PNG], namely Kungmi and Atkamba camps, were repatriated to Irian Jaya at the end of October. The border crosser hail from Merauke District and two subdistricts of Mindiptana and Waropko. The repatriation was held under the auspices of the UN High Commissioner for Refugees, which flew the border crossers aboard two chartered planes. According to KOMPAS estimates, the latest repatriation has thus far brought the total number of Irian Jayan returnees from various camps in the PNG to 5,869. More than 5,000 border crossers are currently still living in the camps located in the southern and northern parts of the PNG. [Summary] [Jakarta KOMPAS in Indonesian 8 Nov 86 p 12 BK] /9738

LIGHTHOUSES, BEACONS FROM FRANCE--Jakarta, 8 Nov (AFP)--Indonesia has signed a seven-million-dollar contract with the French company Sesam SE for 20 automatic lighthouses and 10 maritime beacons, a diplomatic source here said. J.E. Habibie, Indonesia's director general of maritime communications, signed the contract on Friday. The deal is to be financed with an aid credit from the French Government, the diplomat said. Parts for the lighthouses and beacons will be built in France and assembled in Indonesia, the diplomat added. Installation work is to begin in July. [Text] [Hong Kong AFP in English 1038 GMT 8 Nov 86 BK] /9738

POSTHUMUS TITLES FOR SUKARNO, HATTA--President Suharto at the State Palace in Jakarta this morning awarded Proclamation Heroes title to the late Dr Sukarno, former first president of the Republic of Indonesia and to the late Dr Mohamed Hatta former first vice president of the Republic of Indonesia. The award of Proclamation Heroes title was based on a presidential decree of October 25, 1986. The Proclamation Heroes titles were awarded to the late Dr Sukarno and the late Dr Mohamed Hatta for their services, loyalty, and heroic acts in defending the state and the nation, and proclaiming the Republic of Indonesia which could become a model for the entire Indonesian nation. At the handing off ceremony of awards the late Dr Sukarno was represented by Mrs Hartini Sukarno and the late Dr Hatta was represented by Dr Sri Edi Swasono. [Excerpt] [Jakarta International Service in English 0800 GMT 8 Nov 86 BK] /9738

OPM SEEKS HELP FOR IRIANESE--A delegation of the Free Papua Movement, the OPM, currently visiting Australia has called for Australian support against the latest human rights violations in Irian Jaya and more assistance for Irianese refugees in Papua New Guinea. The call was made by the OPM spokesman for political, diplomatic, and international relations, Mr (Jacob Pry), when he spoke to a meeting in Canberra of the ruling Labor Party's Committee on Foreign Affairs and Defense. Mr (Pry) said the OPM wanted the Australian Government to raise the question of a alleged human right violations with both Indonesia and the United Nations Human Rights Commission. The OPM also wanted Australia to accept Irianese refugees for resettlement and provide more assistance for Irianese refugees in Papua New Guinea through education and scholarship programs. Mr (Pry) said he recognized that Australia needed to maintain a working relationship with Indonesia, but he said Canberra should also look at issues which were a concern to the indigenous people of Irian Jaya. [Text] [Melbourne Overseas Service in English 0830 GMT 13 Nov 86 BK] /9738

CSO: 4200/130

MALAYSIA

INCREASE IN FOREIGN INVESTMENTS REPORTED

Selangor SIN CHEW JIT POH MALAYSIA in Chinese 23 Sep 86 p 1

[Text] The deputy minister of trade and industry, Datuk Kuok Wee Keat, said that there has been a marked increase in foreign investments in the past 5 years, with the total amount reaching 2,045 million Malaysian dollars.

He added that this figure covers 1,327 industrial projects. Compared with the statistics of 5 years ago, this represents a 79 percent increase.

Datuk Kuok was making a speech before a seminar about Japan's investment plans in Malaysia held in Kuala Lumpur today.

He indicated that Japan is the third largest investor country here, after Singapore and Great Britain. Japan's investment represents 15 percent of all foreign investments in our country or 1,183 million Malaysian dollars [as published], mainly in industrial installations.

Datuk Kuok believes that more and more Japanese capitalists like to invest in our country, because our government enjoys long-term political stability and welcomes foreign investment as a matter of policy.

Discussing the New Economic Policy [NEP], the deputy minister expressed the hope that foreign investors make an effort to understand the spirit embodied in the NEP, which is aimed at the eradication of poverty and the consolidation of racial harmony.

He also pointed out that in recent months the government has lifted several restrictions stipulated in the NEP. "At present, a foreign investor may hold 100 percent equity, depending on the export level of his products manufactured in this country."

He also pointed out that the rights of an investor with minority shares are also protected by our corporation law.

Datuk Kuok said that it is the government's policy to create an advantageous atmosphere for investment.

The seminar was attended by delegates from 47 Japanese enterprises. This was the first time that foreign investors willingly came over at their own expense to understand investment opportunities in our country, said Datuk Kuok at a press conference. "This is a positive phenomenon," he said.

He disclosed that there will be more investors from other foreign countries coming here to study investment conditions in our country.

MALAYSIA

COMMENTARY ON CONTINUATION OF NEP

Selangor KIN KWOK DAILY NEWS in Chinese 20 Sep 86 p 2

[Commentary: "New Economic Policy Continues To Be Pursued"]

[Text] At the 37th convention of the United Malays National Organization [UMNO] the other day, Prime Minister Datuk Sri Dr Mahathir broached his viewpoint on the New Economic Policy [NEP] for discussion. He implied that the government's standpoint will not **change** the NEP.

It is obvious that before the general election, many people had expressed their views on this subject, and many politicians had even suggested revisions. However, following the stunning victory of the National Front coalition government in the general election, which reflects the support of the majority of the people toward government policies, the thought of revising the NEP has been reconsidered by many people.

After the general election, Prime Minister Mahathir brought up his views on amending the NEP, but, as reported above, popular support to the National Front government signifies the people's approval of government policies in the past, including implementation of the NEP.

At the UNMO convention, the prime minister also said that all doubts concerning the NEP should be banished and that if some problems arise in its implementation, they should be discussed in the cabinet, not openly criticized in the mass media.

The prime minister's speech won the support of many National Front member parties, including MCA president Datuk Ling Liong Sik, GERAKAN chairman Dr Lim Keng Yaik, Mr Sammy Vellu, chairman of the Malaysian Indian Congress, and Datuk Pairin Kitingan, chairman of the Parti Bersatu Sabah.

Datuk Ling Liong Sik believes that the NEP's objectives of eradicating poverty throughout Malaysia are correct and that the government has been playing a major role in fostering national unity. He called on the public not to bring up the question of ethnic polarization again for the sake of racial harmony.

In the past, the Malaysian Chinese Association has always held the view that the NEP has correct objectives, although it has raised objections to irregularities in the NEP's implementation, even to the point of blaming its general election defeat to these deviations.

Datuk Lim Keng Yaik's views on the NEP are similar to Datuk Ling's. He maintains that the execution of NEP programs enjoyed the support of National Front member parties by virtue of its correct objectives, namely, the eradication of poverty and the restructuring of our society.

Datuk Lim also admits there may be deviations in the NEP's implementation, but the important thing is that such irregularities should be discussed and resolved in cabinet meetings, and not through the newspapers which would surely arouse interracial misunderstanding and eventually ruin our national unity.

Likewise, Sammy Vellu also believes that NEP implementation irregularities should be brought up for discussion and resolution in the cabinet.

Summarizing the views of the three political leaders, it is evident that opposition parties fully and effectively capitalized on the issue of NEP implementation irregularities in the general election. By virtue of their vigorous campaigning in urban areas with large Chinese voters, these parties succeeded in winning many seats in Parliament and state assemblies.

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MALAYSIA

DAP OFFICIAL COMMENTS ON ILLEGAL INDONESIAN IMMIGRANTS

Selangor KIN KWOK DAILY NEWS in Chinese 13 Sep 86 p 6

[Text] The deputy secretary general of the Democratic Action Party [DAP], Lee Lam Thye, MP, today criticized the government for not taking effective and practical measures to deal with illegal Indonesian immigrants who have been disturbing the lives of the people.

Lee Lam Thye said that the ineffectiveness of the authorities has resulted in the continued influx of illegal Indonesian immigrants into our country. He estimated that by now about 1 million Indonesian immigrants may be found in all corners of Malaysia. In a statement issued today, he said that these illegals are engaged in various unlawful activities, such as burglaries, robberies, murders, and rapes, forcing our people to live in an unsettled society.

Apart from committing these crimes, Lee continued, the Indonesian illegals also have robbed our own people many job opportunities, especially at a time when the nation's economy is sluggish and its unemployment rate has reached a new high.

He added that as these illegals have brought too many serious social problems, the public was elated when the government announced measures to control their influx, only to be disappointed that no concrete result has come about so far. He said that between 1983 and this year, the government managed to gather information against 33,000-odd illegal Indonesian immigrants, but their numbers have been increasing, so that today no less than about 1 million of them may be found here. This shows that the government has been doing a perfunctory job on this score to placate the people.

Mr Lee, who is an MP representing Bukit Menteng constituency, said that residents of (Jiaolai) District also feel that their lives are threatened by the presence of the immigrants who commit crimes with impunity.

He divulged that in a forthcoming parliamentary session, he will ask the efficiency-conscious government of prime minister and concurrently Home Minister Datuk Sri Dr Mahathir whether the special task force organized by the Home Ministry is really carrying out its tasks effectively and efficiently in dealing with the grave problem.

"The Democratic Action Party urges the government to handle this problem in a serious and sincere manner in order to prove its high rate of efficiency to the people," the statement said.

Finally, Lee Lam Thye said that the government should regard the unlawful, disruptive activities as a national security problem and should deal with them without compromise.

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MALAYSIA

REACTIONS TO ABDULLAH AHMAD'S 'MALAY DOMINANCE' SPEECH

MCA President's Comment

Selangor SIN CHEW JIT POH MALAYSIA in Chinese 6 Sep 86 p 3

[Text] Datuk Dr Ling Liong Sik, president of the Malaysian Chinese Association [MCA], today stressed that if there are Malay politicians who want to climb up a political ladder, let them be reminded that the MCA may not be utilized by them as a tool to realize their personal ambitions.

He said that on the eve of an UMNO congress, the MCA will not allow itself to be embroiled in a meaningless political debate.

Datuk Ling was commenting on an inflammatory remark made by UMNO politician, Abdullah Ahmad, MP, in Singapore recently.

The MCA president, in a public statement, appealed to all sensible and discerning Malaysians to ignore Abdullah's opinion advocating a union between Malaysia and Indonesia to hold back the non-Malays in Malaysia. Datuk Ling described Abdullah's speech as an inflammatory, disloyal, and treacherous conduct.

DAP President's Comment

Selangor KIN KWOK DAILY NEWS in Chinese 7 Sep 86 p 2

[Text] Dr Chen Man Hin, president of the Democratic Action Party [DAP], pointed an accusing finger at MCA president Datuk Ling Liong Sik for being wishy-washy in his reaction to Abdullah Ahmad's inflammatory statement. This is a reflection of the MCA's consistently weak style, Dr Chen added.

Dr Chen said that Abdullah Ahmad, formerly a deputy minister and now a member of parliament representing Kolana District, recently bragged in Singapore that the Malays are in control of Malaysia's political system and that if threatened, they will not hesitate to join forces with the Indonesian people. This, according to Dr Chen, is a public statement which seriously infringes upon the 5 million ethnic Chinese citizens of Malaysia, yet the MCA, which professes to represent the interests of the Chinese people, merely appeals to "all right-minded Malaysian people to ignore Abdullah's statement." The reaction by the MCA is indeed too weak and vague, Dr Chen said.

"Anyway, such has been the MCA's traditional work style," and that's why this party was repudiated by urban voters in the recent general election. It was the MCA's dereliction of responsibility that prompted Abdullah Ahmad to remark: There is no second Tun Tan Cheng Lock in Malaysia.

Dr Chen explained that the late Tan Cheng Lock, in his capacity as MCA's first president, defended Malaysian-Chinese rights and interests until he breathed his last. "What is deplorable is that Tun Tan's spirit was not emulated by his successors, and today's MCA is quite different from the party under Tun Tan Cheng Lock's leadership.

"Nevertheless, while it has left the body of the MCA, Tun Tan's spirit of public service still lives in the hearts of sound-thinking Malaysian citizens."

Dr Chen Man Hin hoped that Abdullah Ahmad would realize there are still many Tan Cheng Locks among us, and they are ever ready to strive for the rights and interests of the Malaysian people.

"Although the UMNO occupies the largest number of seats in parliament, this does not mean that it can ignore the interests of other nationals and that it can dominate the country's political life at will. In our multiracial society, political power must be shared with others," Dr Chen said.

He termed Abdullah's threat of forming a Malaysian-Indonesian union as treachery. During the confrontation between Malaysia and Indonesia in the early 1960's, many people were thrown into jail because they advocated a Malaysian-Indonesian union. Therefore, Dr Ling Liong Sik should ask the government to take strong measures to deal with Abdullah Ahmad.

GERAKAN's Comment

Selangor SIN CHEW JIT POH MALAYSIA in Chinese 7 Sep 86 p 3

[Text] Through its legal adviser Kerk Choo Ting, the Malaysian People's Movement [GERAKAN] today issued a statement criticizing Abdullah Ahmad's racist opinion.

This party indicated its suspicion that Abdullah Ahmad made his sensitive remark as a tool to stage a comeback to the UNMO's power echelon.

The GERAKAN party reminded Abdullah Ahmad and his ilk who capitalize on sensitive racial problems that such a method is selfish and detrimental to the harmony and democratic society we have all been striving to foster all these years.

The party believes that at present and for some time to come, our country will remain in the economic doldrums and our people will continue to live a hard life. If racist hatred is fomented at this historical stage, our entire nation will plunge into a ravine beyond redemption.

The party hopes that the national economy can be turned around for the better in a calm atmosphere and through sound planning. At this stage, all policies,

acts, opinions, and administrative implementations should be promptly reviewed. Based on this, views as that expressed by Datuk Abdullah should be curbed and not encouraged.

KIN KWOK DAILY NEWS' Comment

Selangor KIN KWOK DAILY NEWS in Chinese 10 Sep 86 p 2

[Text] Former Deputy Minister Abdullah Ahmad, while attending a seminar on international affairs in Singapore the other day, published an inflammatory statement which aroused the attention and opposition of the government and the public. Some people criticized him, while others placated him--depending on their respective stands and viewpoints.

Of course, Abdullah Ahmad may have been airing his personal views when he recounted the trend of political development in our country, because the invitation issued by the seminar organizers was not addressed to the government. Consequently, Abdullah's participation in the seminar by no means represented the government. However, the list of keynote speakers invited to the seminar seemed to imply that they enjoyed the blessings of their respective governments; especially in light of Abdullah Ahmad's background and his present position in the UMNO, he is generally regarded as a spokesman for the government.

All the same, although he was supposed to be speaking for himself, Abdullah should not have uttered such an opinion on a solemn international occasion, because it not only affected our country's racial harmony but also, worse, intensified the misunderstanding of our political situation by foreign political circles and disturbed the climate for foreign investment in our country.

If Abdullah truly had our national interest as a point of departure and our racial unity at heart, he should not have made public such inflammatory statement. Now that he has spoken his mind, we question the validity of his allegiance toward our country.

If we merely try superficially to analyze this complex personality and his historical background, we will get nowhere. Abdullah's statement is merely being utilized by certain politicians as a personal propaganda slogan, which does not mean a thing in relation to the intrinsic problem.

Abdullah Ahmad warned non-Malays against playing with fire, adding that if the Malays' political power is threatened, they will not hesitate to unite with the Indonesians. Instead of stressing national interests, respecting the dignity of our nationalities, and doing a good job in fostering racial harmony, Abdullah is already prepared to invite "foreign soldiers to enter our country." Is such a person worthy of becoming a model for national leadership, or becoming a national leader?

Consequently, we must not tolerate the existence of a person who has stooped so low as to sell our country through the back door.

Unfortunately, and deplorably, certain UMNO leaders who are currently influential national leaders have defended Abdullah Ahmad, even before making a serious analysis of Abdullah's statement and his motives, thereby giving an impression that his statement does represent a certain group of people. We do not know whether those UMNO and national leaders feel ashamed that the fate and dignity of our country and people are to be placed at the mercy of a foreign country. Can we tolerate this? Isn't it a humiliation?

It is most unfortunate that Malaysia's and the UMNO's top leader, the most respected Prime Minister Datuk Sri Dr Mahathir, also issued a deplorable comment. The prime minister maintains that non-Malays should not show undue concern over Abdullah Ahmad's statement, for the following reasons: (1) Abdullah Ahmad was expressing his personal opinion and (2) he made his statement while in Singapore, not in our country. It is clear that Prime Minister Dr Mahathir does not object to Abdullah Ahmad's statement, which perhaps was a vague hint about the UMNO's aspirations through the mouth of a third person.

In trying to clear up Abdullah Ahmad's statement, the prime minister gave a very strained interpretation, which has worried non-Malays and made them feel pessimistic about the future of our nation.

If Abdullah Ahmad's expression of political views is allowed to continue or to become the opinion of the United Malays National Organization in leading the Malays, this would really be a misfortune for our country.

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MALAYSIA

LIM KIT SIANG CRITICIZES STATEMENTS OF UMNO OFFICIALS

Selangor KIN KWOK DAILY NEWS in Chinese 23 Sep 86 p 3

[Text] Lim Kit Siang, secretary general of the Democratic Action Party [DAP], indicated that statements made by officials of the United Malay National Organization [UMNO] in their national congress recently will create a serious problem to our country's harmony and stability.

Mr Lim, at a press conference held in Ipoh today, favorably commented on the moderate talk given by Deputy Prime Minister Gafar Baba the previous day, in which Mr Gafar perceived the necessity for Malaysia's restoration of international trust in order to attract more and faster foreign investment. Mr Lim hoped that other UMNO officials will share Mr Gafar's views, because investors will come to Malaysia only when the conditions are appropriate.

Mr Lim indicated that recent expressions of extremism and chauvinism by UMNO leaders have caused prospective foreign investors to lose interest in Malaysia.

What are the leaders of UMNO and the National Front doing? Mr Lim asked. On the one hand, they energetically encourage domestic and foreign capitalists to invest in our country, but on the other hand they permit extremist opinions and activities to run rampant, which scare away domestic and foreign investment.

He cited the example of a delegate of UMNO Youth who bragged that the young wing would ask the government to press for the closing of all Chinese-language primary schools, if the Malaysian Chinese Association insists on amending Article 21 (2) of the 1961 Education Act.

Mr Lim indicated that this UMNO Youth leader was infringing on the National Incitement Law, because an amendment or abolition of the said article coincides with the constitutionally guaranteed right to mother-tongue education. Any intimidation to wipe out Chinese primary schools is a violation of our national constitution.

The UMNO leadership should have interrupted this UMNO Youth leader when the latter uttered his threat during the UMNO convention and ordered him to retract his instigation.

However, it is a pity that the UMNO leaders didn't do anything, Mr Lim said. He posed a hypothetical question: What would the UMNO's reaction be, if some delegate to an MCA or GERAKAN convention threatened to ask the government to press for the abolition of the Malays' special privileges if the New Economic Policy were to be extended beyond the year 1990? I believe that not only would this daring delegate lose his position in his party, but the party concerned would also be censured by the UMNO or its youth wing.

Why is it that there are so many unfair things happening in our country and many double standards? Mr Lim concluded.

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CSO: 4205/2

MALAYSIA

KIT SIANG SAYS KOON SWAN MUST RESIGN FROM PARLIAMENT

Selangor SIN CHEW JIT POH MALAYSIA in Chinese 26 Sep 86 p 1

[Text] Lim Kit Siang, leader of the opposition in Parliament, believes that Tan Koon Swan should resign from Parliament in order to safeguard the reputation of the legislative body and the international image of Malaysia.

He made these remarks to reporters at the headquarters of the Democratic Action Party [DAP] today. He said he had no personal grudges against Tan Koon Swan, but Tan's resignation would keep Chinese society from being made a laughing stock by other nationalities.

Lim said that MCA and National Front leaders ought to be brave enough to make what may be termed a moral decision.

"Although Tan Koon Swan may absent himself from Parliamentary sessions for 6 months, yet, morally speaking, does he have the right to become an MP while languishing in prison, after being sentenced to a 2-year term and fined \$500,000?"

Lim added that an MP must have valid reasons to obtain leave of absence, for going on vacation is not his automatic right, and surely not applicable to a person who has been found guilty of committing fraud and imprisoned for 2 years.

Lim Kit Siang pointed out if Parliament approves a member of Parliament to take a 2-year vacation while serving a term in a foreign prison, Malaysia's international reputation will be sullied.

He also proposed that Article 48 of the national constitution be amended. This article stipulates that an MP who commits a criminal offense at home or abroad and is fined more than M\$10,000 or imprisoned for more than a year shall be deprived of his membership in Parliament.

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CSO: 4205/2

MALAYSIA

DANGERS OF RENEWED MCA POWER STRUGGLE REVEALED

Selangor KIN KWOK DAILY NEWS in Chinese 8 Sep 86 p 2

[Text] In the wake of Tan Koon Swan's imprisonment by the Singapore court and his subsequent resignation as president of the Malaysian Chinese Association [MCA], controversies became rife as to whether the party would suffer another partisan war.

If the MCA were faced with more infighting, the problem would lie with the person of Datuk Lee Kim Sai, because his position within the party has always been higher than that of Datuk Ling Liong Sik. Unfortunately, Tan Koon Swan, in a move of undeserved kindness following his conviction, appointed Datuk Ling as MCA deputy president.

Whether Datuk Lee was made particularly jealous by this development, only he himself knows. Consequently, many people are speculating whether--as Tan Koon Swan is in trouble and Datuk Ling has lost Tan's backing--Datuk Lee will rush into the vacuum and launch an attack to recoup the party's authority.

The other day, while attending a ceremony marking the 25th anniversary of the construction of the Kwan Im Pagoda in Petaling Jaya, Datuk Lee sincerely stated his view on the matter and guaranteed that a power struggle could not recur within the party.

No doubt Datuk Lee's word has put an end to the speculation about him by certain people. Datuk Lee has confidently explained that no partisan war will break out when the MCA holds its election next year.

In addition, Datuk Lee has also publicly offered his full support to Datuk Ling's leadership, because the latter is believed to be a steady, dependable helmsman. He promised to coordinate his work with Datuk Ling in government and party affairs.

There is no doubt that Datuk Lee is wholeheartedly rallying around the call made by Tan Koon Swan. In his resignation letter, Tan appealed to all MCA leaders and members to support Datuk Ling's leadership fully.

No matter from which angle we view it, we can believe the sincerity of Datuk Lee Kim Sai's statement.

There is no question that MCA's past infighting has sapped its vitality. Not only were its members badly split, the party's prestige and reputation also suffered a disastrous decline, as shown in the results of the recent general election.

The latest factional war was strictly a form of bickering among the party's personalities, which had nothing to do with the party's struggle for the interests of Chinese society. That's why the Chinese people have been harboring bad impressions about the party, even to the point of casting their votes in favor of opposition parties.

Knowing as he does about the problems affecting the Chinese community, would Datuk Lee Kim Sai dare to launch another factional war? Not only that, he should all the more guarantee that no more bickering will happen again.

It is our view that MCA leaders not only should guarantee the non-recurrence of a power struggle but should also energetically strive to change the viewpoint of Chinese society toward the party and to restore its trust in it.

Of course, if the MCA wants to do these things, it must pay a high price, including a reexamination of its struggle objectives and of ways of achieving them.

The MCA is fully aware of the aspirations of members of all strata of Chinese society, but each side holds different views and advocates different methods for achieving these wishes. The MCA work style can be easily misconstrued as timid and cravenly clinging to life instead of braving death. It would be pitiful if the party does not eventually find a way to win the support of Chinese society and is capped with all sorts of crimes.

Consequently, the MCA needs a reexamination on this score, so it can draw up a set of effective plans to regain the support of the Chinese community.

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CSO: 4205/2

MALAYSIA

PAPER COMMENTS ON LING LIONG SIK'S ELEVATION TO MCA PRESIDENT

Selangor SIN CHEW JIT POH MALAYSIA in Chinese 6 Sep 86 p 19

[Editorial: "Ling Liong Sik Takes up the Post of MCA President"]

[Text] After sending a seven-man delegation to Singapore to meet with Tan Koon Swan, the Central Committee of the Malaysian Chinese Association [MCA] finally decided to accept Mr Tan's resignation. In conformity with the party's new constitution, Deputy President Ling Liong Sik automatically became the president.

This MCA Central Committee's decision not only established the party's new leadership image forthwith, but also settled a matter which had been weighing on the mind of Tan Koon Swan, who is confined in Teluk Rembulan Prison. No matter the feelings of various quarters concerned, MCA's ability in smoothly filling the gap after its president had submitted his resignation should be regarded as an encouraging step.

To all appearances, Ling Liong Sik's smooth assumption of office must be attributed to the success of the party's new statutes. All MCA's repeated infighting in the past has had a direct relationship with the excessive power of its president, particularly after the 1970's, during which the constitutional powers of its president served well as an amulet for its ruling faction and a lethal weapon against its opponents.

To a great degree, the transition from Tan's resignation to Liong's assumption of office signifies that the party's new constitution is conducive not only to giving free rein to a democratic spirit within the confines of the party but also to easing the power struggle among its top-level leaders. The amended constitution was passed at a special Central Committee congress during the tenure of Tan Koon Swan's presidency. Consequently, in this respect Tan's contribution should be affirmed.

Ling Liong Sik takes up the post of MCA president under adverse conditions--after the party has undergone grave factional fights, before Tan Koon Swan could succeed in his party consolidation efforts, and at a time when MCA has just suffered a stunning defeat in the general election. Therefore, one can imagine the difficult tasks and keen challenges being faced by the new MCA president.

On the day he assumed office, President Ling Liong Sik openly indicated that he would carry on with the collective-leadership style practiced during the Tan Koon Swan period. It is indeed important that Mr Ling has made known this attitude, for it carries realistic significance for his smooth leadership during this abnormal period, at least before the convening of the party's congress scheduled for next year. As a matter of fact, there is really nobody in the MCA's leadership today who enjoys such high respect and the prestige of the membership as Tan Koon Swan.

Ling Liong Sik's work performance in the government has won the appreciation of all circles, especially because of his firm and steady style. However, his relationship with Chinese society has been inadequate. So if he intends to exert his influence within the Chinese community, it appears that he ought to redouble his effort on this score.

Of course, if the MCA really wants to get the support of Chinese society, this does not hinge on the subjective aspirations of its leaders but rather on whether they are really willing to make a thorough self-examination of the party's performances in the past few decades. Only in this way can the party's leadership truly understand its age-old malpractices and the Chinese community's aspirations, "mend the fold after a sheep is lost," and energetically fight for the love and support of the community.

We pointed out not long ago that amending the party statutes constituted an historic step taken by MCA's new leadership. We hope that this marks the beginning for the MCA's march toward a new life.

We also hope that the current MCA president, Dr Ling Liong Sik, will continue to reform MCA's organization and wrest the support of Chinese society by deed and not by word, so that the MCA will gradually become strong and powerful.

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CSO: 4205/2

MALAYSIA

BRIEFS

BERNAMA, ANATOLIAN NEWS AGENCY ACCORD--Kuala Lumpur, 7 Nov (OANA/BERNAMA)--BERNAMA, the national news agency, signed an agreement for news exchange via satellite with Turkey's ANATOLIAN News Agency (A.A.) in Ankara Thursday. The agreement was signed between BERNAMA General Manager Ahmad Mustapha Hassan, who is also Organization of Asia-Pacific News Agencies (OANA) director-general, and A.A. General Manager Husamettin Celebi. Under the agreement, the Turkish News Agency will be able to dispatch to its subscribers selected news from the 25 agencies of OANA, Celebi said in a statement. It would facilitate news exchange between the two agencies via satellite on the Hamburg-Kuala Lumpur line and via telex on the Hamburg-Frankfurt-Anakar line. He said A.A. would in turn provide domestic news bulletin service for these agencies. The agreement also envisages that the daily news exchange between Ankara and Malaysia will commence within three or four months during which the Hamburg-Frankfurt link will be established. This is the first time A.A., which is a member of OANA, has established a communication link with the organization. [Text] [Kuala Lumpur BERNAMA in English 1423 GMT 7 Nov 86 BK] /9738

ILLEGAL IMMIGRANTS DEPORTED--A total of 50,940 illegal immigrants, mostly from Indonesia, had been deported between 1982 and the middle of 1986. Deputy Home Affairs Minister Datuk Megat Junid Megat Ayud said the other illegal immigrants were from the United States, Sri Lanka, Bangladesh, Burma, Britain, the Philippines, India, Kampuchea, Nepal, Pakistan, Singapore, Thailand, Vietnam, and Taiwan. He was replying during question time in Parliament on 12 November. [Text] [Kuala Lumpur International Service in English 0800 GMT 13 Nov 86 BK] /9738

CSO: 4200/132

PHILIPPINES

FORMER HUK VIEWS RECONCILIATION, U.S. 'IMPERIALISM'

Manila MANILA BULLETIN in English 31 Oct 86 pp 7, 32

[Article by Jesus B. Lava--"Reconciliation: Theory and Practice; Obstacles and Prospects"]

[Text]

RECONCILIATION among Filipinos as a policy objective seems to be generally acceptable to all sectors of Philippine society.

As a term, it conjures widely differing images and is subject to a variety of interpretations.

For purposes of this analysis, reconciliation implies the acceptance by both government and revolutionary groups of the need for unity among Filipinos and for the peaceful resolution of outstanding issues separating them, for sheer national survival, not to mention the attainment of long-delayed national development and progress.

Left to themselves, reconciliation between the President, who is pledged to promote democratic reforms and the general welfare of the Filipino people, and the revolutionary movement, which is struggling for national liberation and popular democracy, should not be difficult to achieve, considering the basic sincerity of both sides.

However, the indisputable reality of neocolonial state power, the existing relations of social forces and the basic objectives and interests of U.S. imperialism in this country militate strongly against the attainment of peace and understanding among Filipinos.

Among the most fundamental strategic objectives of imperialism in this country is the maintenance and further intensification of division and dissension among Filipinos, to make them distrust one another, to make them fight — preferably the violent way — among themselves, to weaken the national fabric, to prevent the attainment of true Filipino nation-

hood — all these to make it that much easier for imperialism to perpetuate and advance its domination and exploitation of the Filipino people.

At present it is quite discernible that the dominant faction of U.S. imperialism wants the insurgency to continue, wants Filipinos to continue killing and fighting each other, provided that neocolonial state power is maintained. It would not be beyond imperialist American strategy to even organize mercenaries if there were no revolutionaries, if only to continue division and alienation among their colonial wards.

What does imperialism expect to achieve by this strategy? What benefits does it expect to get from the continuing armed confrontation among Filipinos?

First and foremost, it expects to maintain and strengthen its control of the AFP. Ever since the Roxas government accepted the triad of American neocolonialist imposition — Bell Trade Act, Parity and U.S. military bases — including the military "assistance" and "mutual defense" pacts, with JUSMAG in the bargain, American influence over and control of the armed forces has been one of the fundamental realities of Philippine society. Not long after these "agreements", armed struggle was forced upon the Filipino nationalists and leftists unwilling to accept neocolonial chains.

A government and an armed force engaged in a violent confrontation with dissident nationalists and leftists

would need all the arms, ammunition, equipment, logistics, advice, training, etc. which only the United States, under the terms of agreements, can supply. Inexorably, even if at times imperceptibly, U.S. influence and control of the military has been and will be strengthened and perpetuated.

Secondly, a government faced with an insurgent movement, a government already unstable because of economic policies dictated by U.S. imperialism, intended precisely to render the Philippine economy unstable and fully dependent on the U.S., would be so de-stabilized and weakened, so dependent and mendicant, that American imperialism would have a field day imposing its dictates. Such a Philippine government could hardly even conceive of such basics of nationhood as national self-reliance and economic, political, military and cultural independence.

Thirdly, such a government so deeply mired in insurgency, dissidence and economic distress can only think of begging for "aid", of anchoring its whole economic program as well as its political and military policies on U.S. "assistance" — an "assistance" programmed to squeeze the maximum of profits from Filipino workers and consumers and to perpetuate Philippine subservience to and dependence on American imperialism.

Fourthly, imperialism profits tremendously from the sale of obsolete war supplies and equipment to a captive market.

This is not the first time that imperialism has compelled nationalists and leftists to armed confrontation, and certainly, this is not the first time that American imperialism, thru its surrogates, has sabotaged the attempts of an administration and the revolutionaries to come to terms and try to resolve outstanding problems or conflicts the peaceful way.

It will be recalled that the American imperialist objective of re-imposing neocolonialism in 1946, thru the approval by the Roxas government of the Bell Trade Act, Parity Amendment and U.S. military and naval bases and other military agreements necessitated the institution of semi-fascist repression forcing many nationalists and leftists to armed self-defense, and then to armed struggle for national liberation.

President Quirino, who succeeded Roxas upon the latter's death on April 15, 1948, was apparently cognizant of the need for peace and understanding among Filipinos, especially at that stage of our development towards

nationhood. He seemed to believe that as President he had the power to negotiate a peaceful solution to the outstanding problems with the insurgents. Thus, he took immediate steps to negotiate for peace with the CPP-HMB revolutionaries. And agreement was forged between the representatives of President Quirino and representatives of the CPP-HMB. The basic orientation underlying the agreement was the need for Filipino unity in its struggle for economic emancipation and true political independence. Accordingly, the HMB as a people's army of national liberation, was viewed as a necessary element in such unity and struggle for liberation. That the arms of HMB should be retained but registered, was a "sine qua non" of that unity and struggle. In addition, an unconditional amnesty would be proclaimed to solve whatever legal problems the armed struggle might have spawned.

However, U.S. imperialism would have nothing of this. Thru its puppets it was able to sabotage the emerging exercise in peaceful co-existence. Through its agents in the Philippine Congress it sponsored and passed an amnesty resolution conditioned on the surrender of arms. Such a unilaterally imposed rider in the resolution in effect scuttled the whole agreement for peace. It was a great triumph for imperialism's divide and rule tactics. This, too, was a sobering experience for the then President who all along seemed to have believed that Philippine sovereignty and the Philippine President's power were real indeed.

McCarthyist cold war anti-communist hysteria, fanned by the monopolist American media, and abetted by native lackeys, further intensified and widened the breach that already divided Filipinos. Nationalism, meaning, true anti-American imperialism, was deceptively equated with Communism, which in turn was maliciously smeared and slandered. Only imperialists and their puppets profited thereby. Many Filipinos in and out of the government were so brainwashed by the immensity and pervasiveness of cold-war propaganda that unity in peace among Filipinos was a most tragic victim. As a result of this imperialist-manufactured disunity, the Filipino people, particularly the masses of workers and peasants, sank further in dehumanizing poverty.

Even before Ramon Magsaysay assumed the Presidency in 1954, he already sent feelers for possible negotiation for peace with the CPP-HMB.

His sincerity in wanting reconciliation was never in doubt. He went out of his way to advance this cause. Perhaps intuitively aware of the sensitiveness of the issue, RM kept this close to his chest.

A general agreement in principles — the need for unity in peace, for the advance of true nationalism and the promotion of the economic welfare of the Filipino people — resulted from the secret meeting between RM and the CPP-HMB representative. It was therefore agreed upon to hold an enlarged conference between representatives of the Nacionalista Party and the Communist Party-HMB somewhere in the Sierra Madres, to thresh out the more practical problems of attaining peace and unity.

Preparations for this projected conference were underway when the nationalist revolutionaries received an ultimatum from the Chief of Staff demanding immediate surrender of the CPP-HMB with the threat of massive military operations, if rejected.

What went wrong? It was later learned that the U.S. embassy, which up to this point was not in on the moves of RM, got wind of the secret meet. The ambassador immediately took steps to abort the exercise by ordering its man to issue the ultimatum.

A massive military operation utilizing some 20,000 men, including ROTCs, was subsequently launched, thus completely negating the peace initiatives of President Magsaysay and the revolutionaries.

The foregoing turn of events under two Philippine Presidents have served to underscore the virtual impotence of a Philippine President, elected by the Filipino people, in the face of American neocolonial state power, of American control of the economy, of politics and of the military establishment.

These events have exposed and emphasized American imperialist resolve to instigate Filipinos to fight and kill each other as an effective way to keep them under domination and control.

These affairs have underlined American determination to prevent peace and unity among Filipinos, using some leading Filipino traitors to attain their reprehensible ends.

The present attempt at reconciliation, at the attainment of peace and understanding among warring forces of society, is still faced with the same obstacles.

More than ever, American imperialism is determined to prevent any real and significant unity among the Filipino people which would strengthen

the anti-imperialist movement and lead to their national liberation.

Anti-communist hysteria is already again being created and fanned to deceive the Filipino people as to the real issues involved. The new McCarthyists are hoping that with the new hysteria gripping the people, the issue of U.S. bases, of IMF-WB dictation, of U.S. imperialist exploitation and Filipino poverty resulting from all these could well be forgotten and U.S. domination thereby further maintained. In the process, communism is again being pictured as something abhorrent, when in reality it is the very hope of all working peoples everywhere; it is the only society that could realize real democracy, equality and superabundance for all; it is the only truly humanist society.

All this talk of killing fields, of mass murders, of Zombies, of frequent ambushes, etc. are but preliminaries to the ultimate sabotage of the peace initiatives of both sides.

Once more, a Philippine President is being conditioned to realize that State Power in this country still does not reside in the Filipino people nor even in its bourgeois class but in American colonialism.

The Tolentino affair is merely the start of the learning process. Other affairs may be in the offing to emphasize the point.

All the obstacles notwithstanding, the road to ultimate peace, understanding and unity among Filipinos must be pursued most vigorously. It can and must be done specially now that American imperialist schemes and machinations are more than ever exposed to a much greater number of Filipinos. It devolves on the sincere and truly Filipino President and government elements to overcome all these obstacles however seemingly unsurmountable they may be. It devolves on military leaders, whose love of country and new understanding can make them rise above immediate self-interest, to heed the call of our countrymen for peace and unity and reconciliation. It devolves on the Filipino revolutionaries to skillfully and patiently tread the road to peace and reconciliation and avoid the traps and pitfalls of illusion and betrayal. It devolves on people's power to militantly transform this rare and propitious opening for national reconciliation into fruitful and beneficial reality.

In Filipino disunity, only imperialist domination and exploitation will invariably prevail. In Filipino unity, Filipino sovereignty, freedom, democracy, progress, prosperity and peace will become certainty.

PHILIPPINES

LOYALISTS HIT ENRILE 'INSINCERITY,' U.S. SUPPORT OF AQUINO

Manila THE MANILA TIMES in English 3 Nov 86 pp 1, 6

[Article by Andy Sevilla]

[Text] Marcos loyalists gathered yesterday afternoon at the Liwasang Bonifacio and their leaders, in a surprising change of attitude, gave speeches criticizing Defense Minister Juan Ponce Enrile for "insincerity" in his supposed fight against the communist rebels and for harboring presidential ambitions and the Americans for "insulting the Filipino people" by openly supporting President Aquino's administration when it enjoys "no support from the people."

Speaking before a lean crowd of fewer than 2,000, the loyalist leaders--among them former Assemblyman Salvador Britanico, lawyer Oliver Lozano, murder suspect Fernando Diaz and Romy Cayetano--took turns in hitting Enrile for what they branded his "self-serving" statements on the communist insurgency problem.

"We will support Enrile only if he can show us that he is sincere in the fight against the communists," they said.

Only a week ago, Enrile was himself a guest speaker of the Marcos loyalists at an anti-communist rally they held also at Liwasang Bonifacio.

The loyalists yesterday accused Enrile of hoping to gain ground on his presidential ambitions by giving out many public speeches against the communist rebels, as he has been doing in the past many months.

When the loyalist demonstrators were asked by their leaders if they want Enrile to be president of the country, they shouted "No."

Then they all made the V-sign with their fingers (the sign of the Marcos political party when he was in power) and chanted "Marcos Pa Rin." (We are still for Marcos!)

The loyalists also hit the Americans for "interfering with the internal affairs of the country" as shown by their open support of the Aquino government.

They branded this open U.S. support an insult to the Filipinos. "We will never allow the Americans to insult the Filipino people," they said.

They also criticized the newly drafted Constitution, saying it is un-Filipino in character and does not express the true sentiments of Filipinos.

At the rally, leaflets were handed around bearing an open letter supposedly written and signed by ousted President Marcos and addressed to the Filipino youth in general.

In the letter, which has the official stamp of the Office of the President and datelined Honolulu, Oct. 11, 1986, Marcos expressed his admiration for the Filipino youth who "have shown their willingness to offer everything for the redemption of our country from degradation and tragedy."

Marcos said he is saddened by his "absence from the Philippines during this grave period of danger" but nevertheless, he said, he must "soon turn over to the Filipino youth the battle standards of national destiny."

"Go then, my sons," he said, "and write the most noble chapters of our heroic history," the letter said.

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CSO: 4200/121

PHILIPPINES

DEPUTY FOREIGN MINISTER MEETS SHEVARDNADZE IN MOSCOW

Manila MANILA BULLETIN in English 2 Nov 86 pp 1, 19

[Text]

MOSCOW (Reuter) — Soviet Foreign Minister Eduard Shevardnadze and visiting Philippines Deputy Foreign Minister Leticia Shahani discussed Asian affairs during talks in Moscow the other day, *Tass* reported.

The official Soviet news agency said the meeting took place in a "warm and friendly atmosphere" and both sides stressed the importance of developing security and cooperation in Asia and the Pacific.

Shahani welcomed ideas expressed by Soviet leader Mikhail Gorbachev in a speech he made in the Far Eastern port of Vladi-

vostok, *Tass* said.

Shevardnadze expressed satisfaction with the development of Soviet-Philippines relations, it added.

Tass said Shahani had ended her six-day visit to the Soviet Union after initialling a protocol on bilateral consultations.

Shahani is the highest-ranking official from Manila to visit Moscow since President Corazon Aquino took power from Ferdinand Marcos in February.

Moscow initially congratulated Marcos on winning elections widely regarded abroad as having been fixed but quickly recognized Aquino after the former president fled his country.

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CSO: 4200/121

PHILIPPINES

SUGAR, APPLES DEAL WITH PRC REPORTED

Manila MANILA BULLETIN in English 3 Nov 86 p 6

[Willie Ng column: "Bad News for Consumers"]

[Excerpt]

THE government is considering swapping sugar for apples with China.

It's as if the country has a large stockpile of sugar it doesn't need. The fact is that sugar stocks are shrinking.

Over the past weeks, the price of sugar has leaped to ₱345 a sack, up by almost ₱100.

By swapping sugar for apples, there will be more drawings from sugar stocks. Sugar prices will soar some more.

Are apples more essential than sugar?

Another essential commodity that is becoming scarce is cooking oil, which is coconut oil.

Thanks to a sudden strong demand in the world market, the

price of coconut oil has more than doubled. One large coconut oil firm, anticipating still higher prices, has started buying back what it already sold.

This is good news for the coconut farming sector. Also for the dollar-hungry government.

But bad news for the consumers, who are already hit by the new — and still soaring — prices of coconut oil.

Several years ago, when coconut prices were strong, Indonesia announced it would limit its coconut exports so that an adequate stockpile would be kept for domestic consumption.

Here the policy is to export whatever the world market wants and let the housewives grumble about the high prices.

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CSO: 4200/121

PHILIPPINES

MANILA DAILY SPECULATES ON POSSIBLE AL-QADHDHAFI VISIT

Manila MANILA BULLETIN in English 5 Nov 86 pp 1, 16

[Text]

Libyan strongman Muamar Khadafi is scheduled to visit the Philippines soon, Muslim sources said yesterday.

While Philippine government officials kept mum over the reported visit of the controversial Arab leader, top Muslim leaders told Interco Press that Khadafi had indeed been asked to come and mediate in the Muslim separatist problem in Mindanao.

Interco was informed that the majority of Muslim leaders wanted Khadafi to mediate although a minority group, afraid that the Libyan leader was too controversial a figure, wanted King Fahd of Saudi Arabia to come instead.

The minority group had reportedly been told by Philippine leaders in Manila that Khadafi's visit was sure to stir a hornet's nest and cause major difficulties for the Philippines, specially its relations with the United States and Israel.

President Reagan has been engaged in a war of attrition with Libya and had in fact called on America's allies to quarantine Khadafi whom Reagan had accused of aiding and abetting "Arab terrorists" worldwide.

European nations, particularly Italy, West Germany, and England which had been targets of Arab terrorists, were certain to make known to Manila their displeasure over the impending Khadafi visit.

/9274
CSO: 4200/121

PHILIPPINES

CEBU NPA PRESS CONFERENCE ADMITS FOREIGN AID THROUGH NDF

Cebu City SUN STAR DAILY in English 17 Oct 86 pp 1, 2

[Article by Edralyn L. Benedicto]

[Text] The Communist Party of the Philippines (CPP) is soliciting and had accepted foreign financial and moral support through National Democratic Front (NDF) desks established in the Western and Eastern bloc of the world including the United States and in some parts of Europe.

The acceptance and solicitation of foreign supports are anchored on the policy of "no-strings-attached" because the revolutionary movement sees the "objective limitations of relying on local sources."

These disclosures were made Wednesday for CPP-Cebu official spokesman "Tomas Magtanggol" and NDF-Cebu spokesman "Rafael Flores" in a press conference which the underground movement called for and conducted in a hinterland mountain of Metro Cebu.

Magtanggol said that al-

though the launching of the revolutionary struggle is premised on the principle of self-reliance, it is not absolute since its "enemy" the Armed Forces of the Philippines (AFP), has a strong support and backing from the U.S.

"When the revolutionary movement accepts foreign support, the no-string-attached policy is a must because we cannot allow that the support will be used as a means for coming in of "oppressors" which could lead to a 'never ending cycle of oppression' which in the first place, is what we are fighting against," Magtanggol added.

Flores, on the other hand, revealed that the NDF has a program called "international solidarity work" with NDF personalities soliciting moral,

material and financial support from those who view "U.S. imperialism" as a common enemy.

The NDF "international work," he added, also extends support to other "national liberation movements" in different parts of the world.

NOT MASSIVE

According to Flores, the setting up of NDF desks in U.S. is not surprising since the Philippine revolutionary movement is fighting not the American people per se but their "imperialistic tendencies."

Both Magtanggol and Flores said it is their national leadership who knows the amount and the extent of help generated from foreign sympathizers.

Magtanggol, however, said the foreign aid is not massive as gleaned from the armaments in their possession.

In Cebu, Magtanggol said, their arms came from operations conducted against law enforcers.

Some 20 armed rebels, said to be part of the Northern Guerilla Front, surrounded the area where the presscon was held. They were carrying varied arms identified as M16 rifles, Garrand rifles, and .45 caliber pistols.

The presscon started at 9:30 a.m. following long hours of walk over a muddy and steeped footpath trail. It ended at 4 p.m. and then followed by a cultural presentation by the armed rebels.

NOT POSSIBLE

Other than the revelation on the foreign support, discussions, questions and answers were centered on the issues of the coming ratification of the new charter and the ceasefire negotiations in the national level.

The local insurgency representatives reiterated their stand that locally-initiated ceasefire talks are not possible because the NDF-national is tasked to handle the negotia-

tions.

Flores said the CPP/NPA/NDF of Cebu lauded the peace efforts of the Provincial Government as well as the mediation of Cebu Archbishop Ricardo Cardinal Vidal. They assured that an open communication lines towards the local government and the church will remain open.

As to the possibility of conducting informal dialogs in negotiating tables, Magtanggol said the Cebu revolutionaries are not yet ready to surface their leaders particularly with the arrest of Rodolfo Salas, said to be CPP's chairman.

Flores said the NDF-Cebu does not believe the military promise of issuing safe-conduct passes.

He also assured that the Cebu revolutionaries will abide by whatever pronouncements and agreements are reached in the national level peace negotiations.

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CSO: 4200/121

PHILIPPINES

JOSE MARIA SISON COMMENTS ON REVOLUTION, NDF STANCE

Bangkok KHAO PHISET in Thai 20-26 Oct 86 pp 52-54

[Interview with Jose Maria Sison, the 1986 winner of Writer's Award for Poetry and the founder and former chairman of the Communist Party of the Philippines (CPP), on 11 October; place not specified]

[Text] Jose Maria Sison was once well known because of his position as CPP chairman during the period 1968-1977. He was arrested and jailed in 1977 by the Marcos regime. Last March, after 8 years in jail, he was released by the new administration. He was one of the winners of the 1986 Southeast Asia Writer's Award for a highly praised book of poetry. These poems were published in 1984 while the poet was still in prison. That was not his first work. Sison is certainly not a new face on the literary scene. During this interview, it can be seen that he is a writer by birth and by spirit. He is also a fighter for his people. In the new situation, Sison has turned away from the CPP, but he has not completely abandoned the revolutionary movement in the Philippines. The People's Party, a political party that he helped found last month, is his new instrument of struggle. He is just 45 years old and so has a long political future in front of him. He was interviewed by KHAO PHISET on the afternoon of 11 October before returning to Manila that evening.

[Question] Have there been any important changes since the overthrow of the Marcos regime?

[Answer] There have been many changes, particularly the "easing of political tension." In particular, the urban middle class has regained democratic and civil rights. Something else that is important is the "fate of democracy." However, little has changed for the working-class people. The decrees issued by Marcos against the working people have not been repealed. Marxists are in an even worse position than the working people. They are the victims of the military system, or military suppression.

There are also other fundamental problems such as U.S. domination, and there is still feudal oppression. These problems have not been solved.

[Question] What you are saying is that the reasons for waging revolution still exist, is that right?

[Answer] Definitely. The revolutionary movement will continue until these problems are solved. The revolution must continue.

[Question] Do you think that there is anything to be gained by holding peace negotiations between the government and the communist party?

[Answer] If the peace talks make progress, it means that there is a chance of reaching an agreement on solving the fundamental problems. It was the Aquino government that wanted the ceasefire. The National Democratic Front (NDF), which is the representative of the revolutionary forces, insists that there must be peace talks, that is, there must be talks to achieve a lasting peace based on solving the basic problems.

[Question] That still seems a long way off.

[Answer] It is very difficult to find a solution to all the problems. But it is worth trying. At the very least, it might be possible to reach a limited agreement on some things.

[Question] What will you do now? How do you plan to continue the struggle now that you have left the communist party?

[Answer] Let me put it this way. I am the chairman of the founding committee of the People's Party. I can't say any more than that about this party. As for what happened in the past, let's not concern ourselves with that.

[Question] Does that mean you want to forget all that?

[Answer] Yes.

[Question] What do you think about the arrest of Rodolfo Salas, another former chairman of the CPP? Did you know him?

[Answer] Yes, I did. He was a student at the University of the Philippines [UP]. He was a member of two organizations that I founded. He belonged to the UP Student Front, which later became the League of Patriotic Youths. I got to know him quite well in the 1960s.

[Question] Did you come in contact with him during the time that you spent in the jungle?

[Answer] Sometimes. When I went on picnics (laughs). That is a question that I would rather not answer. It has legal implications. Excuse me. Let's talk about other matters, such as whether I am afraid of my wife (laughs).

[Question] In that case, how has Mrs Sison been these past few years?

[Answer] She was arrested with me. We were not allowed to see each other for 2 years. She was kept in isolation just like me. After that, we were allowed to stay together. But after 2 years and 4 months, she was released. But I was kept in isolation. I was kept in isolation for 5 of the 8 years that I spent in prison.

She was released after giving birth to our son, Chasan, in prison. Marcos had to release her in accord with the law because of pressure from international human rights groups. The law states that if both the husband and wife are in jail, the wife must be released temporarily if she is pregnant or has to take care of an infant. My wife became pregnant in prison and gave birth in prison. We had to fight hard to win her release. Chasan was the youngest political prisoner. People in the Philippines believe that if a child is born in prison, he will enjoy good fortune (laughs). He will be 5 years old this December.

[Question] Would you say a little more about the arrest of Salas?

[Answer] When I was in Australia, I was interviewed by ABC Television. I appealed to Mrs Aquino to release Rodolfo Salas, his wife, and his driver in order to help improve the atmosphere so that the negotiations can move forward. I said that I was disappointed that the military had arrested them just in order to block the peace negotiations. I still maintain that they must be released. There is nothing difficult. Politics is in the lead. Politics helped bring about negotiations between the two sides. It would be easy for them to use political reasons to free Salas. That is in the bilateral agreement. The government gave guarantees to all those participating in the negotiations, including advisors like Salas and NDF security officials. General Ramos and the head of the government's negotiating team stated quite clearly that these guarantees applied to everyone.

[Question] What is the internal political struggle like at present? Is there any chance of a coup d'etat?

[Answer] The attempt by Defense Minister Juan Ponce Enrile and his clique to force Mrs Aquino to stand for election next year has failed. Thus, Enrile will not have a chance to become president until 1992, which is when the next presidential election is scheduled. By that time, Enrile will be 70 years old. Now, his only option is to stage a coup. But he has no real excuse to do that. The government has not given him a chance to accuse it of gross corruption. He can't claim that he must stage a coup to save the country and people from the communists (laughs).

Enrile served Marcos for 20 years. He is partly responsible for the government's failure to suppress the communists. I thought that Aquino would fire Enrile after the new constitution was promulgated and appoint Lieutenant General Eleto, a former ambassador to Thailand, defense minister in his place. He is very close to Aquino and well liked. He is not rich. He is a professional soldier whom the United States accepts.

If Enrile does stage a coup, the armed struggle will grow much more violent. At present, he doesn't have any excuse to do that. He does not have any chance of becoming president. He has never run for election (laughs).

[Question] What are relations like between General Ramos and Mr Enrile?

[Answer] They are temporary allies at this time. But, Ramos is a professional soldier. If Enrile tried to become president using illegal means, Ramos would definitely oppose him. Also, Ramos is close to Eleto, who sides with Mrs Aquino. He is trusted as an honest man who lives on his salary. However, that is the limit of his understanding of democracy. He does not object to allowing the United States to keep its military bases and dominate the Philippines. He does not object to allowing large private companies to monopolize the economy. That is his understanding of democracy.

[Question] Is there any chance of a reform?

[Answer] I think that we can expect Cory Aquino to carry out a reform on a limited scale. But there won't be a fundamental reform. There won't be a social reform or a land reform. Take Ramon Mitra, the minister of agriculture, for example. He is a large landowner who is strongly opposed to land reform. His family owns a large coconut processing plant. He has openly opposed reform of any sort.

[Question] Do you think that there is any way of bringing about a lasting peace in the Philippines?

[Answer] I think so. The NDF responded to Mrs Aquino's call for peace negotiations. But the short-sighted and selfish people who are enemies of the revolution wanted a limited ceasefire before they would agree to discuss ways to solve the other problems. Things are very complex. Those in power today have little hope left. You may have noticed that the political and economic crisis is growing worse and worse. There are splits among the powerholders. In particular, the military has split apart. Consequently, there has been a loss of morale. The Marcos regime tried to solve the problems using military force. The military is now trying to achieve victory at the negotiating table even though Marcos failed on the battlefield. They will suffer total defeat.

The revolutionary forces are now smarter and better prepared. They may decide to continue fighting until there is social reform and reform on other fronts. But at the moment, they want to show that they will accept just reasons. They want to show the people who is acting in a reasonable and just manner. In such a situation, both sides must give attention to holding serious talks.

[Question] Some people say that the "revolution cannot compromise." The revolutionary side will probably set many preconditions for the government, many of which cannot be accepted.

[Answer] Definitely. There can be no compromise on the fundamental principles of the revolution. The conditions of the national democratic revolution will remain. I don't think that they will accept defeat in return for the "candy" offered by the other side. Also, the United States and the oppressors in our

country want to preserve the administrative system that serves their interests. But I think that it is good that the revolutionary side has responded to the other side's appeal for peace. Otherwise, people would think that they were interested only in stirring up trouble. They will probably submit just demands so that the people know what is happening.

The important thing is that this is showing the people which side is just and reasonable. If things are not in accord with the desires of the people for national freedom and democratic rights, I don't think that the NDF will abandon those things created over a long period of time in the revolutionary movement.

[Question] How serious is the Muslim problem?

[Answer] That is a very serious problem. The Moro national liberation movement is in control in three or four provinces. They have the support of more than half the people. In certain localities, they enjoy even greater support. Mrs Aquino has already opened negotiations with them.

[Question] How do you feel after receiving this award? Do you feel any different?

[Answer] I am happy. This is not just a measure of my literary success. It has greater meaning for me than that. I have just been released from prison. This is a result of the victory of the people over the Marcos regime.

[Question] How valuable is this award? Some people do not think that this measures anything.

[Answer] It is like a type of ritual. It is an inspiration for everyone in this region at this time. At least, it is independent of the state. I once suggested that we form an ASEAN writers' association. Even though people have suggested this, nothing has come of it. The writers' associations in each country would be able to send representatives to regional conferences. Writers would help raise funds to carry on activities. But I am not suggesting that we should refuse help from other groups. State units concerned with cultural affairs and private units could provide help. But they would have to respect the basic principle, that is, freedom of expression. Writers would feel more confident (about the rewards received).

[Question] What made you write this award-winning poetry? What gave you the inspiration, or what pushed you to write these poems?

[Answer] There was no pressure. I have loved literature ever since I was young. My parents and family all loved literature. I had a work published in a magazine when I was 9 years old. Normally, that magazine published only romantic stories, such as stories about girls from wealthy families falling in love with and marrying men who are poor. Or sometimes, it was the other way around. But that story of mine concerned people from different classes, that is, the exploiters and the exploited. Although the story ended sadly, it did end with unity between the classes. This often occurs in daily life.

When I was in high school, I was the editor of the school newspaper. I had a chance to write short stories and poetry. After that, I entered the Faculty of Arts at the University of the Philippines. I majored in journalism and literary criticism. When I was 17 years old, I completed my first novel, which I had begun when I was still in high school.

I had planned to get a master's degree in English literature. I had also begun writing literary criticism. I wrote a history of Philippine literature. I followed the line of social realism and revolutionary romanticism. Several of the critical articles that I wrote when I was 21 years old are still read by seniors and even some students at the master's level.

However, the first book appeared in 1962. During the period 1962 to 1983, two more were published. The problem was that my writing was scattered here and there. The military read them and so they were not published. This book ("Poems From Prison and the Past") was published in 1984.

But my literary output has been very small as compared with my political writings. For most of these articles, I used a pen name. I rarely used my real name. I plan to use the money from this award to hire someone to help me compile these writings during the next 6 months. I will then publish them. Few of my political writings written during the period 1968-1985 have been published, except for those that were mimeographed and distributed that way.

[Question] Most of your writings were written in prison, isn't that right?

[Answer] My literary writings? No, most were written outside prison. The same is true for my political writings. The problem is that they are still scattered here and there. I think there are enough writings to make five to eight books.

[Question] When you were in prison together, did you have a chance to collaborate on writing projects?

[Answer] Mrs Sison: Even more than that....

Jose: It's like this. When I was writing something, she was the only person who understood what I was trying to say. She is the one who edited those drafts. We didn't just work together in writing. We did more than that (laughs). There are some things that I can't talk about.

[Question] How many works did you write while in prison?

[Answer] At least, oh, a lot. Whenever I saw a chance to get a work out of the prison, I went to work immediately. I wrote and wrote and wrote. Finally, I was allowed to send out my writings.

[Question] What will your next work be?

[Answer] I have almost finished an article entitled "Crisis and Revolution in the Philippines." It will be published as soon as I finish it. I began writing this in April-May. I would like to add some new information. I need another

month or so. I don't have to lecture at the university or participate in demonstrations (laughs).

[Question] Will you participate in any more demonstrations?

[Answer] I have many problems. If I do, I will probably be besieged by activists asking for my autograph. I did not participate in the May Day March from Quezon City to Rizal Park. I went there after everyone had already arrived. I was mobbed. I couldn't make a speech. I have lost my freedom to participate in protest demonstrations and marches (laughs).

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CSO: 4207/48

PHILIPPINES

OPLA VIEWS SHIFT IN NDF STRATEGY

Manila MANILA BULLETIN in English 5 Nov 86 pp 1, 12

[Text]

Opposition leader
Blas Opla said yesterday that the National Democratic Front's ceasefire proposal marks a shift in its strategy from the countryside to the urban areas.

This indicates that the communists are switching from the "slow track" to the "fast track" through urban-based mass movements, he said.

"The CPP will use the ceasefire to prepare quietly for the next opportunity to force a decision through urban mass uprisings, with the armed struggle as a supporting and no longer as the decisive element," Opla said.

"It is in this light that the Aquino government should appreciate the NDF ceasefire proposal and not on account of any desperation on their part," he said. "At this point, it is the NDF that is taking the initiative."

Saying that the government may be left with not choice but to accept the NDF proposal, Opla added: "I'm

afraid that the government lacks the policy infrastructure to support that decision intelligently and to prepare the necessary defensive measures."

Opla said the government's minimum program for the ceasefire should include the following:

1. The responsibility of the state to uphold its constitution and the laws in any part of the national territory shall not be interrupted by a ceasefire.

2. There shall be no regrouping of the rebel forces, especially towards the highly urbanized areas.

3. There shall be honest desistance from industrial actions not related to economic demands such as "people's strikes" or "welga ng bayan," (Labor is a leading component of the NDF).

4. The NDF shall cease all acts of revolutionary terror, including those directed at individual policemen and soldiers or their families, and civilians denounced as cooperating with the government.

PHILIPPINES

LEFTIST WEEKLY URGES 'REAL POLITIK' APPROACH TO CHARTER

Quezon City NATIONAL MIDWEEK in English 5 Nov 86 p 1

[Editorial: "A Little Realpolitik"]

[Text] **T**he Constitutional Commission has finished drafting a new constitution. The mountain labored and brought forth -- what?

The draft constitution produced by 48 appointed commissioners in four months is not without merit. It is undoubtedly an antifascist constitution, from which Marcosian provisions that institutionalized human rights violations have been deleted. That is the Con-Com's greatest achievement.

At the same time, it is a problematic document that taketh away with the right hand what the left hand giveth. It restores checks and balances in government, but allows the Chief Executive to impose martial law without the concurrence of the legislature. It encourages people's participation in the affairs of government, but limits their sectoral representation in the legislature to an insignificant minority. It declares the country a nuclear-free zone of peace and neutrality, but tolerates the presence on Philippine soil of American military bases, which almost certainly stockpile nuclear weapons. It seeks to safeguard the national economy and patrimony, but maintains the mechanisms that allow continued foreign control of that economy. It aims to promote social justice for the poor and the oppressed, but makes certain that the exploiters and oppressors will keep their wealth and their privileges. It grants equal rights to women, but constitutionalizes the dominant church's doctrine on abortion and divorce. It recognizes the principle of free artistic expression, but believes that a patron-client relationship between the state and the artist is the ideal arrangement.

In brief, the draft constitution reflects the acute contradictions in Philippine society today, and thereby gives us a choice between the devil and the deep blue sea.

If we say yes to this constitution -- even if it is a yes with reservations, like the vote of most members of the Con-Com's nationalist bloc -- we would, after wrestling with our conscience, end up feeling we have betrayed a vital

part of our being. But if we say no, we would find ourselves in the same camp as the Marcosists, opposing a President beloved by the people, and we would be perceived as seeking to destabilize her government.

A little realpolitik may be necessary here. Perhaps we should view the draft constitution as a tactical rather than a strategic document, a short-term necessity for the Corazon Aquino government rather than a long-term vision for the Filipino people — in short, a “fundamental law” that should be good enough until the next stage in the people’s unfinished revolution.

Those who hold this view argue that if you cannot say yes to this constitution, you don’t have to go around urging others to say no, this being a risky undertaking that could once again earn the people’s hostility. [M]

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CSO: 4200/125

PHILIPPINES

REBELS RAID ZAMBALES MINE ARMORY

Manila PHILIPPINE DAILY INQUIRER in English 27 Oct 86 p 1

[Article by Romy Dizon]

[Text]

CAMP OLIVAS, Pangasinana — Armed men believed to be members of the New People's Army raided the armory of the security headquarters of the Coto Mines in Masinloc, Zambales Friday, and fled with 24 firearms and ammunition.

Constabulary reports received here said the armed band, numbering about 16, entered the building after disarming the two guards and proceeded to the armory.

The raiders escaped on board a passenger jeep towards Barangay Lewis Candelaria also in Zambales.

The reports said the armed men raided the Armory because the management refused to give money to them. Lt. Col. Eugenio Ocampo, RECOM 3 commander, directed the provincial PC commander to conduct an immediate investigation on the matter.

Meanwhile, PC soldiers from the Zambales PC command are tracking down the armed band.

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CSO: 4200/125

PHILIPPINES

AGDAO BARANGAY RESIDENTS ON NPA TAX, ABUSES

Manila MANILA BULLETIN in English 31 Oct 86 p 32

[Article by Aurelio A. Pena]

[Text]

A total of P7.2 million is believed collected yearly by the Communist Party of the Philippines' military arm New People's Army at rebel-infested Agdao district in Davao City from 1982 to 1985.

The "tax collection," according to barangay captain Romeo Castillo, was forced on the poor residents of Agdao to support the communist movement. "They collect at least P18,000 pesos to P21,000 daily from Agdao," Castillo told newsmen recently.

Jobless residents were taxed P2 daily while those who have jobs are taxed P5, according to Eduardo Pene, a former NPA supporter. "Although at first, we were told it was voluntary, but we all paid out of fear. Then it became compulsory and the NPAs would come to see us and ask why we were not giving. Then they started to get suspicious. Once they got suspicious, you're finished," Pene told a recent city council hearing.

Many of those who stopped supporting the "kalihukan" or move-

ment, were branded by the NPA as "military informers" and liquidated one by one, according to Castillo. "Some of them were chopped into several pieces, placed inside a sack and thrown into the sea," the barangay captain said.

During the four years that the NPA was in control of Agdao, an average of two to three persons were being shot dead almost daily by the NPA Sparrow liquidation squads at the beleaguered slum district. Because of constant fear on who's next on the death list, terrified residents stayed home much of the time in the evenings.

Fed up by the oppressive taxes, threats, abuses and coldblooded killings by the NPA, their former mass supporters and sympathizers at Agdao are now up in arms against the communist dissidents. With the repressive Marcos dictatorship gone, Agdao residents no longer understood what the NPA stands for in the present new government. An estimated 7,000 residents have already joined the "Alsa Masa," an anti-communist movement at Agdao, composed

mostly of former NPA rebels who had returned to the folds of the law and their mass supporters. They decided to band together for their own protection against their former, hardcore communist comrades who are now after them.

Alsa Masa now controls about 70 percent of the entire Agdao district since the movement began in April 8 this year. Joining military raids of rebel hideouts, former NPAs acting as "civilian volunteers" caused the surrender or capture of around 60 regular NPA members. Out of 16 sitios in Agdao, only five sitios remained under the control of the CPP/NPA. These are Jerome, San Miguel, San Isidro, San Juan and Dalisay, according to Castillo.

It is believed that the CPP/NPA has been crippled logistically by the growing Alsa Masa movement because Agdao has been a rich source of funds for the communist movement during the last four years. Military sources said there is now a "deliberate and determined effort" by the CPP/NPA to discredit the Alsa

Masa and the military so that the communist movement can regain back control of Agdao.

Alsa Masa is now the target of criticisms from cause-oriented groups such as Bayan-Davao, Alyansa Batok sa Kawad-on (ALBAKA), Nakahiusang Lumolupyo sa Agdao (NALA), Davao Human Rights Alliance (DAHR), which are all demanding the total pullout of all Alsa Masa members, militiamen and military detachments from Agdao. "We want a stop to all forms of militarization!" Albaka chairman Nestor Medel told a crowd during a recent rally.

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CSO: 4200/125

PHILIPPINES

ANTICOMMUNIST ACTIVIST CLAIMS GAINS IN DAVAO'S AGDAO

Manila MANILA BULLETIN (Sunday Supplement) in English 2 Nov 86 pp 14, 16, 17, 20, 30

[Article by Randy V. Urlanda: "Davao City's Agdao is 'Nicaragdao' No More"]

[Text] One of the trickier questions asked in grade school in the 50s and 60s was what city in the world was the biggest in terms of size. And one remembers that it was neither New York, London or Paris, among the famous ones, but the Philippines' own Davao City.

To one's young mind then, it was a source of pride that Davao City was even bigger than New York City and London combined and more than 50 times bigger than Manila. Also remaining in one's consciousness is the fact that it has the country's highest peak, Mt Apo, towering all of 10,300 feet, the sanctuary of the unique monkey-eating Philippine eagle, so rare now that it's been classified as an endangered species.

And because it is not within the so-called typhoon belt, its favorable, even climate makes it one of the biggest agricultural centers in the country (16 percent of the Philippines agricultural exports coming from it) and noted for its exotic fruits, the spiky and pungent durian, considered an aphrodisiac and the "king of fruits" in Southeast Asia, marang, rambutan, mangosteen, pomelo, tangerine, grapefruit, giant santol and various sweet berries picked from Mt. Apo.

With all these things going for it, Davao City could easily have been one of the most developed in the archipelago, what with its booming logging business in the 60s that attracted thousands of migrant workers from the Visayas and Luzon who eventually settled down in the now densely populated metropolis.

But criminality and lawlessness have blighted the city, especially during the Marcos era that, instead of progressing, it has even deteriorated because of the deplorable

peace and order condition there. Last year, 800 persons were brutally murdered, allegedly by insurgents based in a barangay called Agdao.

Agdao is a densely populated coastal area of slum dwellers and dubbed by Davaoeños as "Nicaragdao" because of these brutal killings committed

allegedly by members of the CPP-NPA's dreaded Sparrow units that control its 100,000 residents since 1983.

Eventually, however, its residents got fed up with the insurgents' abuses and extortion. A motley group organized the "Alsa Masa" movement (literally it means mass uprising) to end the killings by persuading the communist rebels to surrender and start a new life.

Rolando Cagay, the 41-year-old organizer of Alsa Masa, traces its origins to that day last April when he and six other residents who wanted to rid the city of its lawless elements through peaceful means, founded the organization. Cagay resides at Gotamco, one of the 15 barrios in Agdao that was called "Malacañang" by its residents because it was the base of rebel operations in the city. He claims that his group, which had spread to other districts of Davao, was instrumental for the surrender of members of Sparrow units and G2s (rebel undercover agents) totalling more than 200 to the Davao City Metropolitan District Command (Metrodiscom) and who are now supporting the new government.

Before the founding of Alsa Masa, more than 200 persons have been murdered in Agdao. One was Masa co-founder Wilfredo Aquino, a prominent businessman and barangay chairman of Agdao, who was killed in an ambush staged by unidentified armed men while he was driving out of a motel he owned in Agdao, barely four days after Alsa Masa's founding.

Out of the 15 odd *sitio* of this sprawling barangay, 11 have been allegedly "cleaned up" of

insurgents and criminals. The four remaining ones, as of press time, would be rebel-free in a week's time according to Cagay.

After laying down their arms to Maj. Franco Calida, newly appointed commanding officer of the Davao Metrodiscom, the surrenderers, after routine investigation, were issued certifications signed by Calida to serve as an ID which they must carry at all times. There was also an unwritten agreement between Calida and the surrenderers that they will not be prosecuted for insurrection and rebellion but if they have committed atrocities and should their victim's relatives decide to file criminal cases against them, then the law should take its course.

Cagay, who initially sympathized with the rebels, thought of forming Alsa Masa right after his friend and housemate, Victorino Elamonera, the stocky amiable leader of the NPA cadres in Agdao, was arrested by his own men and tortured for knowing too much about some of his comrades' alleged malversation of the P30,000 daily tax money collected from Agdao residents. The NPA leader was stabbed 30 times and was given a *coup de grace* of a bullet in the head. His body was dumped in a shallow grave in Agdao's "killing field," and they were able to retrieve his body after 17 days, only when Alsa Masa was already operational.

However, the most dreaded place in Agdao is a sandy square called "slaughterhouse," located some 100 meters from Gotamco, where executions of suspected informers and law enforcers were held regularly before horri-

last year, Dureza, together with Archbishop Antonio Mabutas of Davao, organized the Campaign for Peace program. Members of civic organizations and Davaoeños actively participated and it was highlighted by a rally for peace.

Last February's People's Revolution changed the people's attitude toward the man in uniform. They have started to support the local police's drive against criminality. Soon, the Civilian Organization for Police Support (COPS), an umbrella organization of the different sectors of society in the city that supported the local PC/INP in solving crimes, was launched. The IBP's Crisis Intervention Center (CIC), was set up late last year to receive reports from residents about crime incidents in their areas. Reports monitored by the CIC were relayed to the police or the Metrodiscom for immediate action.

Last July, a suspect involved in the Cansino rape-murder case was apprehended by the police operatives after he was allegedly identified by a witness. "The confidence of the people on the law enforcers was restored resulting in the solution of cases due to the cooperation and willingness of witnesses to testify. Holdup cases are now solved within a short period of time," says Dureza. "People now realized that helping the police will do them a lot of good." ●

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CSO: 4200/121

PHILIPPINES

CEBU CARDINAL CAUTIONS AGAINST ENRILE VIEW ON TALKS

Cebu City SUN STAR DAILY in English 20 Oct 86 pp 1, 2

[Article by Ednlyn L. Benedicto: "Vidal Chides Enrile: 'Don't Prejudge Talks'"]

[Text] Cebu Archbishop Ricardo Cardinal Vidal yesterday cautioned against prejudging the ongoing peace negotiations between the Government and the representatives of the National Democratic Front (NDF).

Vidal, in an interview with newsmen following his arrival from a foreign trip, issued the statement in reaction to Defense Minister Juan Ponce Enrile's speech Friday who warned that negotiations entered into with the revolutionary movement "is not a negotiation of peace but a negotiation for war."

Vidal's statement follows in full:

Well, of course, I respect the opinion of the Minister (Enrile). That is his contention. We cannot do anything if that is his only way of looking at things. But how can we prejudge (a) thing which has not been done or still ongoing. We cannot predict that this thing will be ended that way but I

suppose he (Enrile) has more experience than we have. But I will not prejudge easily the efforts (peacetalks) because if it is entirely useless, then let us pack up bags and just go home."

Vidal stressed that one purpose of these peace talks is to minimize the killings from both the government and the rebel sides.

What he is looking forward now, said the prelate, is "for the people to stand as one body and declare that they are against these killings."

CONFER

Upon learning of the expressed reluctance of the local rebels over a conduct of a local truce talks, Vidal said he is still hopeful that there will always be an opportunity to sit down because "if we sit down, at least we will be able to talk."

Vidal said he still has to confer

with the members of the church committee he created to conduct peace dialogs in the local level for updates and advices.

The committee, formed by Vidal before he departed for U.S. and composed of Msgr. Leo Tumalak, Msgr. Jose Borces and Fr. Galileo Jumao-as, refused to comment on the progress of talks during the absence of the Cardinal.

The reconvening of the Committee on Reconciliation, composed of government, church and military officials, will depend on report from the church committee, said Vidal.

Definitely, said the cardinal, the church will always be willing to mediate between the local government and the Cebu rebels.

VITAL

In answering the question why church leaders seem to be the mediators in peace dialogs, as in the case of Negros and Panay islands considering that the com-

munist movement is perceived to be anti-God, Vidal said the issue is trust.

"It is not necessarily that they (rebels) believe in the Church's doctrines but because we are entrusted as faithful bearers of the message and we don't have political motives," Vidal explained.

Vidal believes there is now a need to create public opinion for pro-life advocacy as a deterrent to further killings "in no matter and in which side it comes from."

Vidal said an appeal to the silent majority to make a definite stand is vital.

In this area, Vidal lauded Enrile as he said, "at least, the minister is offering his solution."

"If they (silent majority) will remain non-committal, who should be blamed later? If we will just criticize and not offer any solution, who will?" the Cardinal said.

PHILIPPINES

CARDINAL SIN DISCUSSES CURRENT SITUATION, CHURCH ROLE

Manila THE MANILA TIMES in English 5 Nov 86 pp 1, 2

[Text]

JAIME Cardinal Sin yesterday denied that he is mediating between President Aquino and Defense Minister Juan Ponce Enrile to patch up their rift.

In a press conference at the Archbishop's Palace yesterday, the Archbishop of Manila said:

"This morning, Enrile seems to be saying there is no need for me to intervene and interfere because there is no quarrel between him and Mrs. Aquino. So, what is the reason for mediation if there is no quarrel?"

Sin said the last time he saw Enrile was four weeks ago during a celebration at the Manila Cathedral.

The Cardinal also said the Church is not "attaching ourselves to her (Aquino) ideas." "She is the one who is trying to follow our teachings," he added.

Sin said he called the press conference because the media's "apostolate is to disseminate the

truth clearly."

On communism, the Cardinal asked everyone to give Aquino a chance in her negotiation with the communists. "We love the communists but we hate communism," he said.

"When we say that we reject communism, it does not mean that we'll kill communists," Sin said.

He added that communism is an effect of the heart that is "selfish." He said a total renewal of the heart is needed to eradicate communism.

Cardinal Sin said this is the essence of the pastoral letter which he issued last Sunday with seven other auxiliary bishops. "We want to offer the Christian alternative," he added.

He also said the country needs selfless men. "It seems that there is this ambition to become president in the hearts of

men," he said.

The Cardinal also talked about the ratification of the new Constitution. "It is very beautiful and if it is beautiful, why should we not campaign for it?" he said, adding that the bishops will call a special conference on November 20-21 to discuss their stand on the Constitution.

He also said rebel priest Conrado Balweg will work for the ratification of the Constitution. Balweg, according to Sin, also wants to be reactivated as a Catholic priest. Sin said the matter will be discussed.

Sin said they cannot interfere with the government for fear of falling into "another error which is neo-clericalism."

He said if the Church interfered during the last elections, "we interfered because of its moral aspect."

Cardinal Sin also said he is a friend of former President Marcos. He said

he has no enemies except columnist Teodoro Valencia whom he called the "author of lies."

With the Cardinal at the press conference were Howard Dee, ambassador to the Vatican, Bishop Teodoro Buhain, general manager of Radio Veritas, and Monsignor Josefino Ramirez, vicar-general of the Archdiocese of Manila.

They announced the celebration of the National Eucharistic Year in commemoration of the 50th year of the International Eucharistic Congress.

They said the celebration is aimed at getting the people involved "not merely in an outward participation in the devotional and public events lined up for the observance but above all to seek deeper formation in the life of the Spirit and a more enlightened, more performed and intense eucharistic policy or spirituality among the Filipino Catholics."

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CSO: 4200/121

PHILIPPINES

MINDANAO EDITORIAL URGES CHRISTIANS ASSERT VIEW ON AUTONOMY

Cotabato City THE MINDANAO CROSS in English 4 Oct 86 p 4

[Editorial: "Christians must assert position"]

[Text]

MNLF Chairman Nur Misuari has made his position clear: It's a Bangsamoro Federal Republic for Mindanao, Sulu and Palawan. This was his original position before the signing of the Tripoli Agreement in 1976.

The MNLF chief invokes history to support his position which he claims as not an act of secession. He also claims a consensus in favor of the Bangsamoro Federal Republic among the participants in the consultation congresses in Jolo, Basilan and Maguindanao.

While the MILF military and Bangsamoro components, in a series of rallies, have made clear their position as autonomy according to the Tripoli Agreement, MILF Chairman Salamat Hashim still has to make his personal affirmation of the position. Hopefully, he will make it should he finally come as Misuari did.

But even without Salamat's personal affirmation, Commander Hadji Al Murad, chief of staff of the MILF military forces and chairman of the revolutionary committee, and the Bangsamoro spokesmen for the MILF have assured the Philippine government and the non-Muslim population that the MILF position is unchanged and unchanging.

Whether in Region 9 and Region 12 alone or in the entire areas of Mindanao, Sulu, Tawi-Tawi and Palawan, the MNLF-MILF components of the population constitute a minority. Even counting the MNLF-Reformist component, which is for autonomy according to the Tripoli Agreement, the total would still constitute a minority. Even without the Highlanders, the Christian population constitutes the significant majority.

Yet the Christian position, either in relation to the autonomy under the Tripoli Agreement or in relation to the independent state of Bangsamoro Republic has been a loud silence, with the exception of the short-lived disunited voices in Cotabato City. All over the 13 provinces being claimed as the area of the autonomy under the Tripoli Agreement, the Christians and their leaders have chosen to watch with apprehension or to protest within the confines of their own circle.

Whether the Christians would admit that they are part of the Bangsamoro people or protest that they are not, they are the majority part of the people who may eventually constitute an autonomous or an independent nation. The autonomy or the independent state under question is an issue which vitally concerns them.

The Christians must question Misuari's historical argument and his claim of a consensus for a Bangsamoro Federal Republic. The Christians in Mindanao and Sulu are as much a part of history as the Muslims; they, too, have a claim to history. Since the Christians were not included in the consensus,

the so-called "consensus" was that of the minority; in reality, it cannot be a consensus.

The Christians may have no objection to autonomy. But they must have an active and significant political role in the autonomy being the majority in population. It is wrong to expect that without asserting their will, Misuari and Salamat would share political powers with them. Without making known their will according to their own right of self-determination, the Christians will end up as the sources of revenues for the government ruled by the Muslims.

The autonomy, or any political solution to the Mindanao Problem, is inevitable. Any resulting political set up must have the equitable sharing between the Christians, Highlanders and the Muslims. It is imperative then that the Christian leaders — governors, mayors and others — must make their position clear and assert their right to participate in the shaping of the political solution.

They cannot leave to the Manila-government negotiators — even if these are Christians — their fate. Only they, the Mindanao Christians, know their interests and aspirations; no one else can speak for them but themselves. They have the right to participate in any negotiation which will affect their future and that of their future generations.

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CSO: 4200/125

PHILIPPINES

COLUMNISTS DISAGREE OVER IMPLICATIONS OF CEASEFIRE TALKS

Cacho-Olivares Views Need To Communicate

Quezon City BUSINESS DAY in English 3 Nov 86 p 4

"My Cup of Tea" column by Ninez Cacho-Olivares: "Time to communicate"]

[Text]

If all goes well and agreements between government and the rebel forces are forged, the country should experience a 100-day ceasefire between the Armed Forces of the Philippines and the New People's Army. A proposal, called "100 Days of Peace," has been submitted by the National Democratic Front panel to the government panel, as announced in a press conference by NDF negotiators Antonio Zumel, Satur and Bobbie Ocampo. The peace proposal, if accepted by the Aquino government, is to take effect from Dec. 10, 1986 to March 1987. "We dare hope," the NDF panel was quoted as saying, "that, for the first time in many, many years, the guns will be stilled on both sides this Christmas and New Year. They will be stilled during the plebiscite for the proposed new constitution, the Aquino government's first anniversary, and up to the start of the campaign for the projected national and local elections." The NDF peace proposal, as press reports have it, provides for safeguards and a mechanism for its implementation, with the proposal for the formation of a National Ceasefire Committee, which will

be expected to monitor the implementation of the agreement and presumably, to act as arbiter in cases of alleged violations committed by either side.

The NDF proposal contained five "talking points" in defining safeguards for implementation. These are: 1) The cessation of all military operations by either side; 2) Definition of what constitutes a hostile act; 3) Disarming and disbanding notorious CHDF units and regular AFP units; 4) Disarming and disbanding of private armies, armed goons, "lost commands," religious fanatics, death squads and armed Marcos diehard groups; and 5) The confinement of local police forces strictly to peace-keeping functions.

The peace proposal and safeguards for implementation appear to be better thought out than the government's proposal for an immediate 30-day ceasefire, which failed to provide for the necessary mechanism and safeguards necessary to make a ceasefire agreement work. Neither are the NDF "conditions" preposterous. It no longer asks for the disbanding and disarming of all CHDF units and the withdrawal of regular AFP units operating within the NDF-CPP-NPA strongholds. It has asked only for the disbandment of notorious CHDF and regular AFP units. With the formation of a ceasefire committee, notorious CHDF and AFP units can be pinpointed, and agreements can be

fine-tuned. As to the conditions that private armies, armed goons and the like be disarmed and disbanded, the government would do well to heed this. The nation will be better off without these private armies. The Aquino government and the military know about these private armies and other armed groups. And the government should act decisively on this matter. There are just too many loose firearms around these days and one continues to hear about new private armies sprouting.

But if and when an agreement is forged, can we truly have 100 days of peace? I suppose we can, if both sides make a giant effort to achieve temporary peace. But how did this NDF peace proposal initially strike the military? According to a news report, sources in the military reportedly claimed that the proposed truce was "too long," with fears expressed that the rebels would use the time to regroup their forces and prepare for a major offensive. I can understand the distrust, but not the reasoning. The time may be used by the rebel forces to regroup and organize, but surely, that same time frame will also be used by the military to reorganize and prepare itself for a major offensive. Both will have to use that breathing spell to woo and with the sympathy and support of the Filipino people. Even without a ceasefire in place, even with continued fighting in the countryside, I sup-

pose both forces continue to prepare themselves for a "major offensive." The "100 days of peace" will not change that, since this period will presumably be used to hammer out a political settlement. If either party junks whatever offers and counter offers that may crop up in the course of negotiations, peace talks will have to be scrapped and the fighting will have to begin.

The period of peace, I suspect, will be used by the NDF-CPP-NPA to demonstrate to the nation that the communists are not what the military and defense officials and rabid anti-communists paint them to be. I suspect that the time will be used by the NDF to make government and the nation listen, and for the NDF to point out the contradictions of government programs and policies.

It will be one idea pitted against the other. It will probably be a

time for both parties to use effective communication. And this is where I feel Mrs. Aquino is weakest. She gives speeches left and right, but she fails to communicate with the nation. She does not care to communicate her messages and ideas to the nation through the local press. Instead, she lets her officials do the talking for her. Worse, she even apparently tolerates the existence of an armed forces radio station that not only comes up with political commentaries from soldiers, but which even broadcasts inaccurate information, bloating the crowd estimates of a rally which had the defense minister as speaker. As we already know, the message the nation receives from them is garbled and utterly confusing.

If Mrs. Aquino doesn't wake up to realities soon, she may not have anything left to communicate with.

Warning of NDF 'Veiled Objective'

Quezon City BUSINESS DAY in English 3 Nov 86 p 5

["Bottom Line" Column by Gary Manalac: "Just a feeling"]

[Text] - Tony Zumel and Satur Ocampo of the NDF are masters of their craft, political propaganda. They have to be, if they want the mass of Filipinos to support their struggle for a fundamental change in our government system.

Their announcement in a press conference last Saturday that the NDF is offering a 100-day ceasefire under certain conditions was a master stroke.

SUPERIOR. The ceasefire offer took the peace initiative away from the government, although Executive Secretary Joker Arroyo seemed quite

pleased with it all and quite naively interpreted it as evidence of the NDF continuing desire to keep talking. Actually, the five-point NDF offer should have been the subject of negotiation first with the peace panel.

But by publicly announcing its terms, the NDF has assumed a superior position because the government will now be forced to react to an offer which Zumel and Ocampo claim will, for the first time in many, many years, still the guns of both sides this Christmas and New Year. It will even allow peace during the campaign for the ratification of the new Constitution, and will even extend through the first anniversary of the EDSA Revolution.

LOOKING BAD. That kind of a propaganda approach is pretty hard to beat. In effect, if the government turns down the offer, it is really looking for trouble and may not be that interested in peace after all. The obvious result of a government rejection will naturally be a resumption of hostilities which possibly is not at all unexpected by the NDF, but which will make the government look bad.

While the NDF will no doubt gain points with its *peaceful Christmas* approach, I think the offer has more subtle implications than meets the eye. It seems to me that the offer is intended to enthruse the government into going all out for this peace initiative because that is what President Aquino had wanted all along. On the surface, the NDF offer has provided new hope for a peaceful solution to insurgency.

UNACCEPTABLE. The problem is that two of the five talking points that the NDF has proposed will probably be unacceptable to the military. These two points are the disarming and disbanding of the CHDF and the deactivation or redistribution of notorious regular units of the NAFP; and the disarming and disbanding of private armies, armed goons, "lost commands," armed religious fanatical sects, "death squads," and armed Marcos diehards.

On the first point, I will not even touch on the disbanding of the CHDF, just on the deactivation of notorious regular NAFP units. How in the world can the military comply with such a condition? If it does, it

will in effect confess that it does tolerate or even authorize "notorious" units which probably engaged in human rights violations, or it would not have been notorious.

ANOTHER WAR. On the second condition, even if the military wanted to comply, it cannot conceivably disarm private armies and armed goons by Dec. 10. Any massive attempt to do so by the military will only create another "war" which the armed forces can not afford at this time, but which would certainly make the NDF happy.

But the more subtle implication is that the government will almost surely pressure the military into bending backward to the NDF demands since the offer provides the Aquino government a new ray of hope for the peaceful negotiation of insurgency and indicate its conciliatory policy. Such pressure will only bring about more tension between the military and the civilian government and might even bring about some very serious showdowns which could further destabilize the government.

SOPHISTICATION. That could possibly be the ultimate but veiled objective of this NDF initiative for further peace talks. Silencing of guns and a peaceful Christmas sound much too naive.

Of course, I could be totally wrong, and I just might be ascribing extraordinary sophistication to NDF strategists. But somehow, I just cannot help but feel that they are extremely sophisticated.

PHILIPPINES

COLUMNIST WARNS OF TAKEOVER AS ULTIMATE CPP AIM

Manila MANILA BULLETIN in English 5 Nov 86 p 6

[Jesus Bigornia column: "Government Takeover Remains Reds' Prime Target"]

[Text]

CONDITIONS laid down for a ceasefire in the 17-year-old communist-led rebellion have caused alarm over the ultimate goal of the Philippines dissidents. The five "talking points," including disarming of allegedly notorious New Armed Forces of the Philippines (NAFP) units, have led concerned citizens to wonder whether economic and social reforms are indeed what the outlawed Communist Party of the Philippines (CPP) really wants.

Since former newsmen Satur Ocampo and Antonio Zumel, negotiators from the National Democratic Front (NDF), the political arm of the CPP, have foresworn any plan to form a coalition with the Aquino regime, the communist goal — government takeover — becomes at once apparent. What must, therefore, be inferred from the NDF bid for a 100-day ceasefire is a desire to drag the talks over a long period during which the NDF may step up its drive for support from the peasantry and industrial workers, and the New People's Army (NPA), the military arm of the CPP, to recruit and train replacements of

casualties and defections.

Viewed from the standpoint of the military-defense establishment, the Ocampo-Zumel proposals are not too subtle attempts to discredit and divide the armed forces. Since prospective talks on "substantive" questions cannot proceed without colliding with a recent warning against granting belligerency status to the communists as aired by the NAFP chief of staff, General Fidel V. Ramos, many citizens have concluded that the negotiations are headed for collapse. Some even hold that the talks are nothing more than "an exercise in futility."

Middle of the roaders, like a Mr. Martinez, having come such a conclusion, propose that "President Aquino should scrap the so-called peace talks with the NDF and, instead, offer a general amnesty to the NPA rank and file who may want to come down from the hills and lead peaceful lives." Proponent points out that "Marcos, the source of their discontent is already gone; the coconut and sugar monopolies, which had impoverished many of them, have been dismantled; and that there is nothing more to fight for."

"To parlay with the hardcore leadership of the NPA is useless,"

Martinez continues, "these people do not want peace. What they want is to replace the present leadership with a communist one. Their perception is that the present leadership is weak and indecisive. They believe they can use the peace talks for their recruiting activities. They know that the military cannot move for fear of being criticized for sabotaging the President's peace efforts."

* * *

"President Aquino should be made to realize that the people rallied around her during the last elections not only because they were against Marcos but also because they are against communism," Martinez says. "They thought that the longer Marcos stayed in power, the stronger they would become. This is the reason the leftists and the communists tried their best to sabotage the President's candidacy by urging a boycott of the elections, knowing fully well that their efforts would work to the advantage of the soon-to-be-

deposed dictator.

* * *

"The great majority of the people are opposed to communism. They have seen the genocide inflicted on the people of Kampuchea by the communist Khmer Rouge. Filipinos know about the starvation in Ethiopia caused by an inept communist regime. Above all, they have seen the Vietnamese 'boat people' who fled their country and their communist rulers.

* * *

"To negotiate with the leaders of the CPP is an exercise in futility. They do not want peace, except on their terms, which is takeover of power here. President Aquino should ignore these communist leaders and, instead, go direct to the rank and file of the NPA by declaring a general amnesty for any rebel who lays down his arms. At the same time, government should provide the means with which a rebel returnee may rehabilitate himself and call upon the citizenry to accept them in society."

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CSO: 4200/121

PHILIPPINES

MINISTER DISCUSSES PEASANT MOVEMENT, LAND REFORM

Quezon City NATIONAL MIDWEEK in English 12 Nov 86, p 3-5

[Interview with Heherson Alvarez, Minister of Agrarian Reform, by Clarissa Villasin, PNF: "The Aquino Government and Land Reform"]

[Text]

President Corazon Aquino recently refused to meet a peasant group belonging to the militant Kilusang Magbubukid ng Pilipinas (KMP) who had marched from several provinces to Manila to commemorate October 21, the date on which, 14 years ago, deposed President Marcos signed a flawed and fitfully-implemented Land Reform Law. Militant peasants have since utilized the date to protest ongoing problems in the countryside and to press for a comprehensive land reform program.

Clarissa Villasin of Philippine News and Features interviewed Minister of Agrarian Reform Heherson Alvarez on the presidential snub and other issues. Excerpts:

The farmers said the government "snubbed" them because for the third time, President Corazon Aquino failed to dialogue with them.

They walked all the way from Cagayan, all the way from Sorsogon and converged in Manila. There was a little misunderstanding that could have been adjusted.

But they cannot set aside rules. These rules are not mine and I don't favor them because they have an adverse effect. These are simple rules on where to demonstrate.

They cannot have the President all the time. I am the President's minister and I am the one who makes the policies on land. I wanted to talk to the peasants and the peasants are entitled to hear what I have to say. They could at least have

listened to me. It became a game of wounded pride and hurt feelings, but I am sure that Jimmy (Tadeo, KMP chairman) felt he was not being reasonable when he found out that the President was trying to settle a very serious problem.

What happened to the land reform proposal the KMP submitted to the government last June 5?

I read that proposal. At the time, I was already reorganizing my ministry. I had just finished a program for reorganization. With information from the Constitutional Commission, with information from many sectors and with our own proposal I came out with an integrated program which was submitted to Minister Villafuerte because he was part of the reorganization committee that would realign our ministry and give us sufficient manpower to carry out our programs. Villafuerte signed it yesterday.

An activist does not see things, does not see the grinding and slow grinding which drives me to impatience. It should be recognized that the President appointed someone who is not a landlord and who is fundamentally sympathetic to agrarian reform. I have been minister for only four months. I have to correct the errors of 13 years. I have already accomplished 20 to 30 percent of the program and I want to be able to finish the remaining 80 percent.

When do you expect completion of the program?

It is not easy, especially if you have inherited a bankrupt government, a bureaucracy weakened by very low morale and corruption. There are pockets of corruption everywhere, and a land reform program that is enfeebled because there is really no decisive program to implement. If a new reform program is approved we can put it into operation, in five years we carry out and complete the program. I told the farmers these programs will be put into place as soon as resources are acquired. I have worked out assistance from Belgium, Japan and Israel.

What types of land are now covered by the present land reform program of government?

The present program covers rice and corn. But I am hurrying to complete coverage of rice and corn so I can move on to coconut, sugar, ramie and other crops.

How much and how long would the farmer pay for the land he gets?

Now we have a program where the farmers will pay P3,000 (\$150) per hectare for 25 years. A farmer is entitled to three hectares of irrigated land or five hectares of unirrigated land.

One of the demands of the farmers is that government should give the lands free.

That cannot be. We cannot

give land for free. It is one of the most precious commodities hereabouts. If we start giving away land, many sectors of society would think we are irresponsible. In the first place, it would be a dole-out. We are trustees of these lands. We hold them for the people. If we start giving them to the farmers, how about the urban dwellers who are just as poor?

We sell these lands and get a little from them and make the program viable so that government can perform other services. The farmers are not the only poor ones. There are many poorer people in the slum areas of Tondo and other places of the country.

The farmers said that what is needed is not just a land reform program, but total agrarian reform.

Of course, under a land reform program, distributing land is not all there is to it. You are bringing a man in the 18th century to the 21st century. He has never owned a piece of property or managed one before. He knows when to plant, when the season is good or bad. He can handle the elements, but he cannot handle planning. You have to have a system, a support mechanism so that he can really make good his capacity as an owner cultivating the land. After that, he has to protect his market because sometimes only the middlemen get rich.

You have to have cooperatives and these have to coordinate with the support systems of government. The land reform program embraces a comprehensive program of government, a total political commitment. The government has to step in - to plan and push marketing programs, to encourage farmers to be part of a cooperative network, perhaps even decide the kind of crops they have to plant.

Do you encounter resistance from landlords?

Yes. Farmers come to my office every day complaining about how their titles are disregarded. I ask the landlords to come to my office and I appeal to them. I use all devices of manipulation and my position. We settle with them because if we resort to force the farmers will end up the losers.

I tell the landlords if they do not settle with the farmer, the weight of the ministry is behind the farmer. I continue to exercise jurisdiction. I say it is my job to protect the farmers' rights. Many problems are settled just by talking intelligently to the landlords.

Is militarization in the countryside a major obstacle to the implementation of the land reform program?

I think they have some problems in the countryside. When the military steps in for some campaign or operation, of course, the life of the farmer is disturbed. That's the problem of dissidence. I wish I had the resources to control the problem.

The KMP is now implementing its own program of "confiscation of idle lands."

I don't know what this program is all about. If they mean they are sitting on idle land, they may even save me the trouble of subjecting such lands to land reform. When they take over the land, however, they should apply to us for validation of their possession and follow the procedures of settlement and negotiation or even acquisition by the government. They cannot just grab the lands and declare ownership. We want certain changes to happen. We cannot break the law. I would allow the confiscation of lands if they have occupied the lands effectively and made them their goods.

How about the crony lands and the lands owned by transnational corporations?

Once questions of ownership and sequestration are clarified and the crony lands are shown to be illegitimately owned, we will place the lands under land reform. We will distribute them at cost to settlers or to would-be tenant farmers.

With regard to multinationals, it is not a question of taking over the land, it is a question of taking over the whole process. You have to put up an agency that will take care of marketing because you have to market the products.

Even if you take over the management, you must have the capacity for international consumption. Of course you can expect resistance from the multinationals, but you cannot just demonstrate and howl that you are victims of this setup. You have to create a machinery that is sophisticated enough to confront this problem.

Do you have a special program for farm workers?

Farmers working in multinational corporations should be organized. They should be strongly organized because this problem has many complex aspects. They can only be handled through negotiations or bargaining.

What will you do in areas where the New People's Army is implementing its own agrarian revolution?

I think we should negotiate. Those are very inhospitable areas. The NPA really has no time for farming and agriculture. There are no areas where the NPA has stable control, all they have done is to impose revolutionary taxes. Because life in the countryside is one of marginal poverty, very hard, revolutionary taxes have become a burden to the people.

PHILIPPINES

GOVERNMENT FIRMS TO BECOME MORE ACCOUNTABLE

Manila MANILA BULLETIN in English 5 Nov 86 p 21

[Text]

All government corporations will now be considered accountable for their financial and managerial performance to the various control agencies for the government without exception.

This new policy was spelled out in the new six-year development program formulated by the National Economic and Development Authority (NEDA) which also recommended an integrated program to rationalize the government corporate sector.

At the same time, the NEDA called for a "transparency" policy for government corporations by making available to the public the results of audits on government firms and their subsidiaries; by regularly conducting public hearings on the policies of government corporations and their performance; by publishing in leading newspapers year-end financial statements

of government corporations; and by conducting researches, seminars and public discussions on the performance of public enterprises.

The NEDA also called for an "integrated process of performance evaluation" of government firms through proper legal issuance by the President to the legislature.

This should include, according to the NEDA, the setting up of clear and quantifiable goals for government corporations; the formulation of standard quantifiable performance indicators of these firms; and the establishment of an incentive system that will reward good performance of officials and employees of government corporations.

To strengthen supervision of government firms, the NEDA recommended the strengthening of corporate linkages with the national government and im-

proving control and supervision of government firms.

The concept of corporate attachment to the relevant ministry shall continue to be adopted as a means of effecting coordination and integration of corporate policies and programs into the overall ministry and sectoral development concerns.

Moreover, adequate procedures should be adopted for the monitoring, evaluation and control of the various forms of national government support of government corporations, including the extension of government guarantee, provision of equity and budgetary support.

A uniform set of guidelines was also proposed by NEDA to standardize relationships and clearly delineate the powers of governing boards from those of the managing heads of government corporations.

To enhance the effectiveness of the governing boards, NEDA proposed a set of criteria to be used in determining the composition of their membership, including the need to avoid conflict of interest, to give the private sector representation and to maintain a "reasonable load" for board members. The latter means that no official should be appointed member to the boards of more than five government firms.

NEDA also wants that the government corporate monitoring committee be further strengthened as the mechanism for coordination and monitoring of government firm by being concerned mainly with "corporate matters that have clear macro-implications."

The use of the corporate form of government organization "shall be judiciously utilized" by the government in undertaking the economic and social development.

PHILIPPINES

MANILA COLUMNIST CONCLUDES PDP-LABAN UNDER CONSERVATIVES

Manila MANILA BULLETIN in English 31 Oct 86 p 6

[Commentary by Jesus Bigornia: "Conservatives now rule PDP Laban Party"]

[Excerpt]

IN the welter of reports on coup threats and mid-night meetings, the takeover by conservatives of the PDP Laban party remained largely ignored. Significance of a new leadership in what is generally regarded as President Aquino's party has drawn no comment. It would appear to the outsider that ex-congressman Jose Cojuangco was invested with the mantle of leadership during last weekend's PDP Laban convention because he is the President's brother. But it is more likely that the presidency was accorded Mr. Cojuangco because the base-broadened party is dominated by conservatives.

* * *

What most political analysts missed is the absence of left-leaning PDP Laban leaders of the immediate post-martial rule era from the decision-making positions of the reconstituted party. Local Government Minister Aquilino Pimentel first sought to retain the party's presidency and failing that swang his support to the bitter end to liberal ex-congressman Jose Yap of Tarlac,

now Metropolitan Waterworks and Sewerage System (MWSS) general manager. Another prominent PDP Laban chieftain with "progressive" leanings, Labor Minister Augusto Sanchez, did not make the party's directorate.

To conclude that the PDP Laban party has taken on a definite conservative cast, however, may be erroneous. To judge from the complexion of the party convention held at the Philippine International Convention Center (PICC), the so-called "cause-oriented" groups are still a formidable force and could well, in time, bend the leadership's will to adopt more radical positions on certain national policies, particularly on anti-insurgency and the continued stay here of United States military bases. Those familiar with the strong-willed former lawmaker from Tarlac, now the president of the party, predict that the President's party will hew more closely to conservative policies than his predecessor.

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CSO: 4200/125

PHILIPPINES

TIMES CRITICIZES FAILURES OF AQUINO GOVERNMENT

Manila THE MANILA TIMES in English 5 Nov 86 p 4

[Editorial: "Marcos and Philippine Society"]

[Text]

A FORTUNE teller told Marcos, "You will die on a national holiday."

"Which holiday?" Marcos inquired.

"It does not matter," the fortune teller said, "any day you die will be a holiday."

The above joke is an indication of the notorious unpopularity of deposed dictator Ferdinand Marcos. In abolishing democracy, Marcos had assumed sole responsibility for the nation. The result was that all ills were blamed on him. The fact remains, however, that many of the ills attributed to Marcos are not only very much of our own doing but also are already the creation of President Aquino's revolutionary government.

Cronyism, for instance, was a characteristic of the Marcos dictatorship. Cronies have not disappeared. They are now called *peninsulares* and *insulares*. In the political field, the term cronyism is not used in reference to the new regime. But when people in the administration are asked why such and such a non-entity was appointed to an exalted position, the usual answer is "He is the *bata* of the brother of so and so." So what's new?

The 1973 Constitution was not the constitution prepared by the Constitutional Convention. It was a Marcos Constitution and it was never ratified by the people. Now, we have a new constitution, drafted not by representatives elected by the people, but by commissioners appointed by the President. The public is informed that a vote against the constitution is a vote against President Aquino. So, what else is new?

We have had more than our share of constitutions. We had the Biak-na-Bato Constitution, the Malolos Constitution, the 1935 Constitution, the Constitutional Convention's Constitution, the Marcos Constitution and, now, the Constitutional Commission's Constitution.

The fact remains, however, that, to date, the Aquino administration has not come out with a simple program of government.

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CSO: 4200/121

PHILIPPINES

MANGLAPUS PARTY TO FIELD CANDIDATES

Manila MANILA BULLETIN in English 31 Oct 86 pp 1, 18

[Text]

The National Union of Christian Democrats (NUCD) headed by former senators Raul Manglapus and Manuel Manahan will field candidates in the congressional and local elections, it was announced yesterday.

In a press conference, Manglapus also said the NUCD is supporting the ratification of the proposed constitution.

He said that he and Manahan will lead the candidates of the party in the senatorial elections.

The former senator said that because it is difficult to complete a 24-man senatorial ticket, the NUCD may have to coalesce with one of the parties supporting the Aquino government, probably the PDP Laban.

Manglapus expressed the belief that no single party will be able to complete a 24-man lineup.

According to him, the NUCD, which is affiliated with the International Christian Demo-

crats, believes that a strong democratic ideology is the most effective way of stabilizing democracy and is a better alternative to communism.

He said that the party draws inspirations from Christian social teachings but it also respects other religious inspirations, including those of Islam.

The NUCD is one of the parties that supported the candidacy of President Aquino in the presidential elections last February, he said. The NUCD, he added, agrees basically with the policies of the Aquino government.

The NUCD offers "fresh and additional foundations for stability," he also said.

He noted that late senator Benigno Aquino Jr. had identified himself as a Christian Democrat in his book, "Testimony From Prison Cells." The late Evelio Javier was one of the founders of the party, he said.

He pointed out that one reason the NUCD is supporting the ratification of the proposed constitution is the inclusion of a provision on "equalization of political parties."

Manglapus explained that under this provision, all parties are given equal protection

in the voting places, such as equal number of watchers.

Another good provision of the proposed constitution, he said, is the one that allows illiterates to participate in elections.

He said that he has been fighting for the equalization of political parties and enfranchisement of illiterates since 1971.

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CSO: 4200/125

PHILIPPINES

ALVAREZ ASSURES FARMERS ON LAND REFORM IN CHARTER

Manila THE MANILA TIMES in English 3 Nov 86 p 2

[Text]

AGRARIAN Reform Minister Heherson Alvarez has assured Filipino farmers of a better land reform program under the draft constitution to be presented for ratification in the proposed February 7 plebiscite.

There will be "no backsliding in the implementation of this major program," Alvarez told reporters after presiding over a dialogue with 21 farmer-leaders of 11 major farmers' organizations.

Alvarez said the political document, written by a presidential-appointed Commission, provided the peasants with enough elbow room that would ensure their right over a piece of land they tilled for years.

Reacting to reports

that many critics of the Aquino government would campaign against the ratification of the constitution, Alvarez said the charter if "sabotaged" would threaten the stability of the country.

During the same forum, Alvarez was briefed on the accomplishments of the previous administration in implementing

the land reform program.

The farmer leaders said that while the decrees and other executive orders issued during the administration of President Marcos were good, the manner in which these were carried out was a failure.

They said the former administration failed to carry out what they called a genuine land reform that would uplift the lot of farmers whose only desire in life was to own the farmland they were tilling for years.

Alvarez said his ministry would launch shortly an intensified information campaign to aid farmers and those in rural areas in understanding the benefits they would get from the proposed constitution.

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CSO: 4200/121

PHILIPPINES

BENGUET SUBSIDIARY BUYS SEIZED SHARES

Manila MANILA BULLETIN in English 29 Oct 86 p 19

[Text]

A block of 9.5 million class "A" shares of Benguet Corporation, the nation's biggest primary gold producer, was purchased yesterday by Benguet Management Corp. (BMC), a wholly-owned Benguet subsidiary, in a special sale at the Manila stock exchange.

Valued at P275.5 million at a pre-arranged price of P29 per share, the block of shares was part of the controlling interest held in Benguet by Palm Avenue Realty and Palm Avenue Holdings which was sequestered by the Presidential Commission on Good Government (PCGG).

The negotiated price of the transaction was way below the P42 price prevailing at the exchange yesterday when the deal was consummated by First Paci-

fic Securities Inc. which was the designated broker of both the seller and the buyer.

An announcement issued by Benguet yesterday said BMC made the purchase "as nominee of the employees of the Benguet group of companies and of the Republic of the Philippines, represented by the Presidential Commission on Good Government."

The transaction was done pursuant to a contract to purchase and sell dated Sept. 1, 1986 entered into by BMC with Palm Avenue Realty Corp. and Palm Avenue Holding Company, the registered owners of 16,237,339 common class A shares of Benguet whose beneficial owner was alleged to be former Ambassador Benjamin "Kokoy" Romualdez.

The contract was approved by the PCGG last Oct. 14, 1986. The Securities and Exchange Commission gave its "no objection" letter Oct. 24, 1986.

The contract price

is P29 per share which, as of Sept. 1, reflected a small discount from the stock market price which was then P31 per share.

In accordance with the contract, the amount of the purchase price will be applied against the loan obligations, estimated at P200 million, of the Palm Avenue companies in favor of certain financial institutions who hold pledges over the shares as security for the loans.

Any excess of the purchase price over the loans together with the balance of 6,737,339 common A shares not the subject

of the purchase shall remain sequestered.

Of the shares purchased, BMC will resell at the same price of P29 per share plus transaction costs three million shares to the employees of the Benguet group of companies pursuant to the employee stock ownership incentive plan (ESOIP) adopted by BC's shareholders last July 3rd, allowing employees of the

Benguet group of companies to buy shares of stock at acquisition cost, payable over a period of five years through salary deduction without interest.

Acquisition by qualified persons of shares of stock under the plan is subject to a two-year holding period. Employees are prohibited from disposing of their shares within two years from its acquisition.

As of Oct. 23, 1986, 2,229 qualified employees, of which 81 percent are non-managers, have applied for 2.62 million shares under the ESOIP at an average of 1,175 shares per person. Any excess of the shares allocated to the employees not applied for shall be offered to Benguet's retirement plans which shall also be subject to the two-year holding period.

(Cont'd on page 20)

/12828
CSO: 4200/125

PHILIPPINES

SUGAR WORKERS FEDERATION ON NEGROS STARVATION, AID STARTED

Manila THE MANILA TIMES in English 3 Nov 86 pp 1, 6

[Text]

STARVING sugar workers of Negros and their families have been forced to eat field rats for lack of better food and, in response, residents of Hawaii in the United States donated \$50,000 to be used to buy farm lots for the sugar workers, it was revealed yesterday by Serge B. Cherniguin, secretary general of the National Federation of Sugar Workers (NFSW).

Besides the field rats,

the sugar workers also eat boiled vegetables and sugar cane, he said.

Cherniguin said the Hawaiian-based Negros Food and Freedom Fund (NFFF) sent a \$50,000 check to Msgr. Antonio Y. Fortich, to be used for the rehabilitation of the displaced Negros sugar workers, through its farm lots program, which would enable them to grow their own food.

The farm lot program was started last year by the Justice and Peace Commission (JPC) of the

Diocese of Honolulu. Fortich was in Hawaii at that time campaigning for support for the hundreds of thousands of starving sugar workers in his diocese.

Co-chairman of the campaign to help the Negros sugar workers is Fr. Edgar Saguinsin, former chairman of the National Federation of Sugar Workers and now a parish priest in Hawaii.

Christian workers in Honolulu, labor leaders and civic groups are supporting the fund campaign, Cherniguin said.

/9274
CSO: 4200/121

PHILIPPINES

SUGAR BOARD SAYS PRODUCTION MAY DROP, ASSURES QUOTA

Manila MANILA BULLETIN in English 31 Oct 86 p 25

[Text]

The Sugar Regulatory Board, upon review of production estimates based on reports, said that production level for 1986-87 may drop the estimated 1.4 million metric tons to 1.3 million MT.

The board has expressed concern over whether enough sugar has been provided under Sugar Order No. 1 for the purpose of supplying the US quota as the Philippines was recently granted additional quota of 2.3 percent of US imports to give the Philippines a total of 15.8 import quota.

Based on this increased quota, the board cited the need to fill this quota next year considering the economic need of the country for foreign exchange not to mention the employment opportunity for sugar workers.

To meet the US requirement and to give the producers the facility to meet their financial requirements, the board has provided enough reserve to meet the domestic and foreign market requirements.

SRA, the sugar policy-

making body, has been compelled to make the adjustments in the classifications of sugar in view of confirmed reports of a drop in sugar production for crop year 1986-87, caused by fortuitous and climatic conditions. Because of heavy rainfall, the canes are short and the picul sugar per ton of cane (PSTC) has inevitably dropped, too.

Sugar Order No. 1 has therefore been amended as follows: "A" or export sugar from eight to 11 percent. "B" or domestic sugar was maintained at 50 percent. "C" or reserve sugar from 32 to 20 percent. "D" or world market sugar from 10 to 19 percent.

SRA Chairman Arsenio B. Yulo Jr. also reported that the unfilled balance of South African quota which has been transferred to the Philippines under a new US law in the quantity of 15,339 STRV or 13,444.74 MT will be shipped not later than Nov. 10 to arrive on or before December, 1986 in continental US.

PHILIPPINES

FIRM BUYS BACK COPRA IN ANTICIPATION OF SHORTAGE

Manila MANILA BULLETIN in English 31 Oct 86 p 25

[Text]

A major Philippine copra crusher and coconut oil exporter is buying back oil contracts from the US and Europe because it expects a copra shortage, an official of the Philippine Coconut Authority (PCA) said.

Romeo Roderos, PCA manager for market development, told Reuters that International Copra Export Corp. (Interco) is repurchasing coconut oil contracts at one cent per pound over their original value.

"There is a perception by Interco that there might be a copra shortage and so it has started repurchasing contracts," he said.

He did not say how much the company has bought back. In-

terco officials could not be reached for comment.

Roderos said the international market sees Interco as an authority on the behavior of the copra market and now thinks the supply situation will get worse.

"We (in the PCA) are not saying there is an actual shortage," he said. "What we are saying is that there is a drought in Sri Lanka and this will certainly affect supply."

Lauric oil prices have been rising in reaction to Interco's contract repurchases. Interco accounts for about 20 percent of Philippine coconut exports.

However, an official of the United

Coconut Association of the Philippines (UCAP), a private trade association, said there is nothing unusual in repurchasing contracts.

"Repurchase is a normal practice," he said. "The market is active now. Prices are moving fast and you have to protect yourself. The only reason the market has become inquisitive about the recent repurchases is that a major exporter is doing it. But when the market is good, you expect the big ones to get involved."

London-based traders said Philippine exporters are buying actively in Europe after buying back 5,000 tons of coconut oil in the United States. (Reuter)

/12828

CSO: 4200/125

SINGAPORE

BRIEFS

JAPAN'S ACTIVE INVESTMENT SOUGHT--Singapore, 6 Nov (KYODO)--Lee Hsien Loong, minister for defense and acting minister for commerce and industry, told visiting Japanese businessmen that he wants Japan to invest more actively in Singapore. Japanese investment here is not expanding appreciably although Singapore is creating a favorable investment climate for foreign businesses through such measures as tax reform and wage freeze, he said. The business mission sent by the Osaka Chamber of Commerce and Industry asked Singapore to take part in an Asia-Pacific business convention to be held in Osaka in October next year. The delegation is led by Keizo Saji, board chairman of Suntory Ltd. Lee expressed a keen interest in the convention, saying he would like to attend personally if possible. [Text] [Tokyo KYODO in English 1250 GMT 6 Nov 86 OW] /9738

CSO: 4200/133

MILITARY AFFAIRS AND PUBLIC SECURITY

VIETNAM

CORRUPTION RULES HO CHI MINH CITY FISHING UNIT

Hanoi LAO DONG in Vietnamese 24 Jul 86 p 7

[Article by Hai Bang: "Corrupt Acts of a Production Sabotage Nature"]

[Text] On 5 July 1986, LAO DONG received a letter of denunciation from a reader in Ho Chi Minh City that read as follows:

The machine shop of the Ho Chi Minh City state fishing enterprise has a group of individuals with position and power who have arranged many major thefts, causing losses of hundreds of millions of dong to the state and of a production sabotage nature.

When exposed, they coordinated with each other in using their organizational authority to berate those daring to struggle in protecting socialist property. While the masses were contributing opinions in the criticism of party members and citing proof concerning the mistakes of leaders, Huynh Dinh Tien, Secretary of the Party Committee and Enterprise Director, declared, "We are prepared to apply a militarist system to annihilate..."

Thus, we respectfully hope that the newspaper will illuminate and expose the thieves who are using their authority as an umbrella to act haughtily and irresponsibly.

Respectful and confident best wishes,

Nguyen Cong Binh
Ho Chi Minh City State
Fishing Enterprise

LAO DONG sent a reporter for an on-the-spot investigation. Has the matter become as serious as stated in the denouncement of Engineer Binh? The readers are invited to peruse the following article:

In only a few days here, the Ho Chi Minh City state fishing enterprise supplied us with data on 23 cases of corruption, the least involving a few hundred thousand dong, and a large portion involving a few million dong and up.

The problem presented here was why had these matters, when they had been occurring for 4 or 5 years and were also known about by upper level agencies, still not been resolved? Le Dinh An, a cadre in the Inspection Committee of the Municipal Trade-Union Federation who was the one following the complex changes

centered around these matters, stated, "Because there were many secrets." Through the specific documentary proof, we noted that this opinion was accurate. The work situation of this enterprise was disorderly and deficient to an alarming degree and the plan had not been completed for 3 continuous years. The losses increased daily. One case of corruption after another occurred in an increasingly more serious direction, causing disorder within the enterprise. The ideology of the workers was a dislike for work. The standard of living declined along with the drop in production. The damage reached such a level that the enterprise had to purchase shrimp and fish from other units for inclusion in the fishing output. All the fixed assets that were still good were liquidated to obtain money to compensate for the losses. Even imported fishing equipment was sold for the "survival" of the enterprise. Nevertheless, a deputy director of the Marine Products Service calmly announced that, "If this was not done, the enterprise would disintegrate."

The losses in money, property, machinery and fuel worth hundreds of millions of dong are only preliminary estimates. Surely in the near future the responsible agencies will track down many more complete, accurate and greater figures than the data we hold now.

We wish to relay to the authorities that the serious nature of this matter is that nearly all the cases of corruption were the same old story of selling boats and engines; or through the repair of boat and engines to dismantle and sell good pieces of equipment and machinery. One case involved the sale of two boat engines to Do Van Luc, a bad antisocial element. Following that was the sale to Van Thanh Si, also a dishonest merchant, of a large quantity of materials and machinery consisting of 5 Koler engines, 1 Kubota engine, 1 three-cylinder (Jamar) engine, 2 Yung-Shiang engines, 1 NT 65 mechanical log, an Indian mechanical log, a TS 105 mechanical log, etc. A Cumine 140 engine was sold to Nguyen Van Con. Pontoon bridges were dismantled and sold to dishonest merchants, Nguyen Van Nam and Nguyen Thi Loan, and this case of 60 pontoons alone amounted to more than 10 million dong. Statistics on scores of similar cases can be collected. We wish to present only one case as an example concerning the sale of production materials which the workers here say is the "life" of the enterprise, the sale of nets. During the space of only a little more than 1 year, the enterprise sold 11,557 kilograms of imported nets to the Fresh Food Corporation of the 6th Precinct.

This is only a small "secret." There are many other secrets about which everyone is asking questions. Such as the matter of Vu Dinh Dung going to Nha Trang as a middle-man for the enterprise to purchase a Japanese boat. The boat could not be used because of serious disrepair and had to be deadlined. Then, Chief Accountant Do Minh Loan went to Phu Khanh to have 40 new boats built and delivered to the enterprise but they also could not be used for fishing because of termite damage to the timbers.

Why should a newly constructed boat be broken down? Why was a boat purchased and deadlined before it could be used? Why, when the trade union stood up to organize the masses in contributing opinions to build the party and requesting a report on the "secrets" in these cases of corruption, did Party Committee Secretary and Deputy Director Huynh Dinh Tien warn that, "A fierce tiger cannot resist a trapped fox," and state before the masses that this was an argument of a "golden trade union."

At the present time, Binh is one of those being attacked the most. He is an engineer who has not received a raise for nearly 10 years and his salary now is only a little more than 60 dong (at the old wage level). Since December of 1985, he has not received a single benefit in cash awards or other welfare. The authorities here have become so crude that not a single job is assigned to Binh, allowing him to "sit chatting and drinking tea" to show how tough they are!

These crude attacks have brought Engineer Binh a great many difficulties in daily life. Not only that, they also falsely accused Binh of being an infiltrated CIA agent. Through our investigation, we learned that Engineer Binh is the son of deceased hero Nguyen Van Cong who participated in leading the seizure of political power in Gia Dinh (1945).

The cadres and workers here all saw in Binh a loyalty and resolution to struggle for right that was being attacked. The masses many times requested that the director deliver those office chiefs, sector chiefs, etc., engaged in corruption causing losses to the state of hundreds of millions of dong and even of a production sabotage nature, for prosecution but everyone from the director to the deputy director and the party committee secretary sought every means to harbor them. This harboring of wrongdoers reached such a degree that a puppet senior captain dared to openly beat his chest and declare before everyone that, "I am a puppet senior captain," Doan Duc Thoai, and anyone who dares to make a denouncement should take heed of that.

The workers of the Ho Chi Minh City state fishing enterprise know extremely clearly that the Municipal Party Committee and People's Committee as well as the Minister of Marine Products have issued directives to the enterprise leaders on the need to clarify these cases and to severely prosecute those engaged in corruption involving socialist property, but the enterprise board of directors as well as the party committee have intentionally dragged their feet, glossed over, screened, avoided, etc.

The time has come to cut the abscess from a living body--a production unit of the state.

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CSO: 4209/100

ECONOMIC PLANNING, TRADE, AND FINANCE

VIETNAM

REGULATIONS OUTLINE INCREASED COOPERATIVE AUTONOMY

Hanoi TIEU CONG NGHIEP THU CONG NGHIEP in Vietnamese 22 Aug 86 p 1

[Directive: "Temporary Regulations on Financial Autonomy of Basic Economic Units in Relation to the Collective Economy Area (Generally Called a Cooperative)"]

[Text] Article 17 - The cooperative is authorized to create and expand its independently acquired capital to expand production and business on the basis of:

-- Implementing forms of economic association (participating in investment, production and business cooperation, etc.) with state-operated economic organizations and other cooperatives, and with the family, collective and individual economies in accordance with the policies, systems and laws of the state, and through the plan of the cooperative and economic contracts signed between the cooperative and other economic units and households.

Borrowing capital from the bank on the basis of a credit plan and contract with the bank.

--Encouraging the cooperative members to buy shares (in unlimited amounts) and borrowing capital from cooperative members at an appropriate rate of interest in accordance with the guidance of the bank.

Cooperative funds deposited in the bank will be used in accordance with the requirements of production and business development, and ensuring the living conditions of the cooperative members.

Article 18 - On the basis of independently acquired or credit capital, the cooperative will receive suggestions on production equipment sold by the state or through imports in order to expand and renew its fixed assets.

--The cooperative may purchase equipment from state-operated facilities or from other cooperatives, families, and individuals in accordance with state policy and law, or expand through self-equipment and self-manufacture for investment in depth and to strengthen and renew production capability. The cooperative is encouraged to fully utilize its abilities to attract capital, material supplies and equipment from foreign countries in order to develop production in accordance with the policies and laws of the state.

Relying on the principles and themes of fixed asset reevaluation within the area of the national economy, the Ministry of Finance will provide guidance in the reevaluation of the cooperative's fixed assets and in the system of fixed asset depreciation with the purpose of ensuring that the cooperative recovers the full value of fixed assets and ensuring the major repair requirements of fixed assets. All depreciation deductions, including those that have increased in accordance with new prices, must be deposited in the bank for use in major repair, supplementing and renewing the fixed assets of the cooperative.

Article 19 - The income distribution system of the cooperative harmoniously coordinates the three interests, ensures state-stipulated obligations to the bank, unceasingly increases the accumulated capital and undivided funds of the cooperative, and ensures a distribution of cooperative member income that is equitable and consistent with the production and business results of the cooperative. It also expands and perfects the product contract method, and fully utilizes forms of wage payment to the cooperative member following the principle of distribution in accordance with labor.

Article 20 - The cooperative must strictly execute state financial systems and plans, especially the system of cooperative product and service cost accounting. The Ministry of Finance, along with the Statistics General Department, must perfect the cooperative's finance and accounting system consistent with the new management mechanism and closely in coordination with the specific management characteristics and standards of each type of cooperative to ensure the honest and accurate reflection of production and business results and the cooperative's income distribution.

Article 21 - The Ministry of Finance will provide specific guidance in implementing these regulations in conjunction with concerned ministries to closely match the characteristics of each type of industrial, agricultural, construction, communications and transportation, and service enterprise.

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CSO: 4209/103

ECONOMIC PLANNING, TRADE, AND FINANCE

VIETNAM

BANK LOAN PRACTICES ASSIST BUSINESS AUTONOMY

Hanoi TIEU CONG NGHIEP THU CONG NGHIEP in Vietnamese 29 Aug 86 p 1

[Directive: "Temporary Regulations on Bank Socialist Business and State Management System To Ensure Production and Business Autonomy of Basic Economic Units; (Extract) (Promulgated in conjunction with Decision 76-HDBT 26 June 1986 of the Council of Ministers)"]

[Text] Article 1 - The bank has a mission of mobilizing and concentrating every source of monetary capital temporarily not being used in the economy and among the population in order to increase loans.

Every source of capital of enterprises, economic organizations and the population deposited in the bank earns interest in accordance with the interest rate system of the state and is disbursed in accordance with the requirements of the depositor.

State-operated enterprises, cooperatives and industrial and commercial business households must open bank accounts and deposit all types of monetary capital in the bank; and are authorized to select a banking establishment to do business with (within the province and city) in the most convenient location for their operations (deposit and withdraw funds, borrow capital and make payments).

Article 8 - Regarding the collective area (below referred to generally as the cooperative), the bank makes short and long-term loans to assist cooperatives with sufficient capital to answer the requirements of capital needed for production, construction, and providing material and technical facilities and expanding trade sectors. Cooperatives mobilize every capability of independently acquired capital in production, business and capital construction; to deposit temporarily unused monetary capital in the bank; and to effectively conserve capital; and have the authority to create capital, including self-mobilization of cooperative member capital.

Article 9 - The bank makes loans to develop the family, privately operated and individual economies, to answer the requirements of capital needed for production and consignment by the state, and to promote production and delivery of products in accordance with two-way contracts or production association contracts with the state-operated and collective economies.

4	Production of chemicals	3
5	Exploitation of earth, rock, sand, gravel	3
6	Exploitation, processing of coal, firewood, fuel	3
7	Exploitation of forestry, marine products	3
8	Milling of rice, processing of subsidiary food crops	3
9	Processing of vermicelli, bread, preserves, candy	5
10	Production of emblems, paper flowers, paper lanterns	5
11	Production of other products	4

Compared with the service, trade and food and beverage sectors, the business tax table stipulates a lower level for the small industry and handicraft production sector (the service sector 5, 7 and 9 percent; and the trade and food and beverage sectors 6, 8 and 10 percent).

Even in small industry and handicraft production, there is a difference between sectors with different tax rates (1, 4 and 5 percent) expressing the priority of different trade sectors.

Because the ready-made clothing sector has a nature of primarily manual labor for wages, the business income is primarily wages and the sector therefore is placed in the service sector with two types of taxes:

--Common tailoring service - a tax rate of 7 percent;

--Servicing high-level tailoring requirements - a tax rate of 9 percent.

Establishments producing goods that must pay taxes in goods will do so and therefore will pay no business tax.

For reducing or waiving business taxes, Article 10 of the Industrial and Business Tax Statutes stipulates: "Basic units subject to taxes that encounter difficulties due to natural calamity, enemy destruction or unexpected accident may be examined by a district or higher level people's committee for a business tax reduction or exemption for a fixed period of time, following the suggestion of the collecting agency.

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CSO: 4209/103

ECONOMIC PLANNING, TRADE, AND FINANCE

VIETNAM

DRAFT POLITICAL REPORT OF MINH HAI CPV COMMITTEE PUBLISHED

Hanoi NHAN DAN in Vietnamese 6 Oct 86 p 3

[Article: "Minh Hai Achieves New Comprehensive Socioeconomic Progress"]

[Text] The draft political report of the Minh Hai CPV committee clearly states that the party and people in the province have achieved remarkable success in all fields, generating new momentum for socioeconomic growth in the coming years. Compared with 1982, there was in 1985 an overall increase--22 percent in gross national product, 16 percent in national revenue, and 100 percent in the value of fixed assets.

Striking progress was noted in opening new ways of doing business, gradually bringing agricultural production into intensive cultivation, setting up intensive-farming zones, conducting integrated business and comprehensive development programs, using short-term and high-yield varieties more widely, paying attention to coconut planting and expanding some installations to process agricultural products in raw material areas. Average rice yield was increased to 3 quintals per hectare and coconut planting to 13,700 hectares, and 13,600 hectares of land were reclaimed.

The marine product sector has taken steps to reorganize production, improve management, strengthen fishing capabilities, and develop the breeding, purchasing, processing, and storing network, adding nearly 15,000 tons of marine products and 1,500 tons of frozen shrimp to the 1982 track record and almost doubling exports.

The forestry sector has succeeded in curtailing brush fires, rehabilitating forestland, and opening new horizons for forestry. It has begun to assign land and forests to districts, villages, production collectives, and cooperatives for management, production, and business. It has planted an additional 10,000 hectares of forest and has upgraded 26,000 hectares of reforested land, and the people have planted 40 million trees.

In general, however, agricultural advances were still slow, uneven, limited and unstable, with a focus on monoculture and extensive farming. The province has made no vigorous progress in producing summer-autumn rice, subsidiary food crops, fruit, and vegetables; it has fallen behind schedule in setting up large intensive-farming zones of industrial crops; and its animal husbandry still relies heavily on natural traditions, and the effectiveness of its

policies, investments, and technology is uncertain. Water conservancy lacked synchronization--much earth was excavated and built while ditches were scarce --and its efficiency was poor because intra-field irrigation was slighted. Other flaws included an inadequate supply of breeds and varieties, predominantly irrational policies, weak long-distance fishing capabilities, and an inability to process a large quantity of frozen fish for export--just 30 percent of the total catch of shrimp.

In building the new economic structure, industry, small industry, and handicrafts have started out to reorganize themselves, taking advantage of their three inherent strengths. New products have appeared--rice-husking machines, steel-mesh cement boats, paper, refined salt, aluminum, plastic, glasswares, some artistic handicraft articles for export, and other consumer goods. Nevertheless, industry still has had trouble meeting the urgent demands of production, first of all, that of agriculture. Production of consumer and export goods has received little attention in proportion to existing capabilities. Major enterprises have failed to cater to their production needs in terms of energy, raw materials, and supplies. The effort to rearrange production and renovate the managerial system in industry has slowed up. Productivity, quality, and efficiency were low.

The state has secured more goods through revamping the social market and consolidating and expanding state commerce and marketing cooperatives. And through joint business, economic cooperation, exports, and imports, it has channeled more supplies and goods to production and living standards. Wholesale trade in the social market accounted for 80 percent and retail trade for about 60 percent. Except for years with poor harvests, annual obligatory deliveries of products to the central government have all gone up.

In 1985, export value was nearly 3 times that in 1982.

However, distribution and circulation were deficient. Their organization and activities were mainly weak. The social market was still on the loose because socialist commerce has not yet been able to control it.

Paying attention to socialist transformation, the party organization has drawn 87 percent of peasant households and 80 percent of the land into collective production. It has completed the land readjustment program, distributing plots to more than 21,000 households which have little or no land and eradicating the practice of leasing land for a profit. It has collectivized 60 percent of small-industry and handicraft laborers. There remains, however, a tendency to show impatience, oversimplify, lean to the right, slacken speed, keep transformation apart from building while failing to see the latter as a driving force, and attach importance to quantity and form at the expense of quality.

Labor and population redistribution were closely linked to land, forest, and sea possibilities, the growth of sectors and crafts, and gradual renovation of the social labor structure.

Another weakness lay in failure to provide enough jobs and create conditions for laborers to foster their vocational skills. Labor remained predominantly manual, resulting in low social labor productivity, land barrenness, and an acute manpower shortage in forestry, fishery, and construction.

Party building, since the sixth CPV provincial congress has gained ground in the political, ideological, and organizational fields. Progress has been noted in implementing guidelines on organization, activities, work methods, and security measures. Adequate attention was devoted to providing elementary and advanced instruction to cadres, and the number of in-school and on-the-job training programs has increased. Nevertheless, cadres and party members still have had trouble improving their awareness and capabilities, renovating their leadership style, and keeping pace with realities. The effort to adapt official positions and policies to actual conditions in the province was still irresolute and flawed.

Some principles on organizing and managing party life were violated, encouraging tendencies to play to the gallery and balk at accelerating self-criticism and criticism. Conflicting views were not reconciled, giving rise to a lack of internal democracy, solidarity, unity, and respect for discipline within levels and sectors.

Plans for cadre formation were carried out improperly, and the task of providing cadres with elementary and advanced training and assignments was below par. Young, female, scientific, and technical cadres were in short supply while implementation of the cadre policy was neither rational nor equitable.

New Goals and Tasks

The provincial political report clearly indicates that the socioeconomic goals and tasks for the next 5 years are as follows: stabilize and develop production; generate changes in the agricultural battlefield and consumer and export production; regulate circulation and distribution; stabilize and improve living standards; end preharvest food shortages; moderate by improve the structure of meals with the additional intake of fish, fruit, and vegetables; provide each person with an average of 5 meters of cloth per year and each household with enough anti-mosquito nets; care for laborers engaged in heavy work, fishing, and forestry; get rid of slums; continue to expand the rural communications network; ensure that all children of school age go to school; provide level-I general instruction to laborers under the age of 40; strengthen health protection measures; provide more medical care and cultural amenities; and strive intensively to achieve notable social progress by giving jobs to laborers, increasing the annual total of workdays, building a wholesome lifestyle, overcoming negative social phenomena, and stepping up the movement to build a new countryside and new cultural family.

In building the material and technical bases of socialism, we must serve and standardize production for maximal use of existing facilities. New projects should be built on a selective basis.

In socialist transformation, we should mindfully improve quality and strengthen the state and collective sectors to help them dominate the national economy, and we should avail ourselves properly of other economic elements to stabilize production and socioeconomic life.

In economic development, agriculture should play a truly forward role, focusing on comprehensive growth and (encompassing agriculture, fishery, and forestry as well as the processing industry).

We should steer agriculture toward intensive cultivation, specialized cultivation, multicropping, and land reclamation; establish plant nurseries in special areas; take natural characteristics into account while setting up specialized agricultural zones; and create favorable conditions for localities to apply technological advances while assigning production tasks to them.

Grain is a main thrust of agricultural production. We should fertilize 260,000 hectares of riceland for large-scale intensive cultivation and multicropping and continue to find effective ways to harness 20,000 hectares of unproductive riceland.

In addition to rice, we should grow subsidiary food crops, such as potato and corn, rotating them on riceland and cultivating them intensively on specialized land and garden plots to turn out animal feed.

Intensive farming is a key measure designed to achieve high productivity and a large volume of production. We should pay attention to building high-yield concentrated rice areas in districts and cities. Each area should devise its own economic and technical approach, taking upon itself to determine appropriate varieties and production timetables to increase annual crop frequencies and bring the coefficient of use of land from 1.03 to 1.31 times. We should draw up a calendar for each productive season, using it as a basis for guiding production and cultivation measures; carry out synchronized water conservancy measures to protect the fields against salt water, remove alum, and retain fresh water for summer-autumn and winter-spring planting; emphasize intrafield water conservancy; build ditches; upgrade fields; plant protective trees; and continue to enlarge the U Minh water reservoir for use.

We should expand mechanized soil preparation to 60 percent of the land; reserve foreign exchange for importing more tractors and spare parts; take steps to encourage production and the use of organic fertilizer and to import more chemical fertilizer, insecticide, and herbicide; expand the network of agricultural technicians; apply technological advances in breeding and plant protection; set up breeding farms in the province and zones, breeding areas in districts, and breeding centers in cooperatives and production collectives to turn out varieties and breeds; and build additional storehouses and drying yards in cooperatives, production collectives, and peasant households.

We should pay attention to intensive farming, multicropping, and growing more industrial and export crops, striving to attain 80,000 hectares by 1990, including 60,000 hectares slated for rapid development. All three economic forms should be used--state, collective, and family--with the state sector playing a central role in breeding and in farming and processing techniques.

In agricultural management, we should have specific policies toward each crop and product in each area regarding investments, prices, and product exchanges to encourage production.

In the coming years, we should promptly develop those crops which we already know how to grow well and which have proved to be profitable, such as soybeans, peanuts, green beans, sesame, cotton, rush, redwood, coffee, peppers, cacao, and vegetables for export.

In districts with more than 5,000 hectares of fallow land, we should set up land reclamation committees, build new economic zones to step up reclamation, redistribute local manpower and the local population, and receive laborers coming from other places.

We should develop, under cooperative and family management, greenbelts in areas adjoining cities, industrial zones, and residential areas and tap subterranean water for year-round farming. We must make vigorous headway in guiding and organizing animal husbandry, mindfully expanding the pig herd; gradually eliminating old customs; applying new technology to animal husbandry; rapidly raising the percentage of crossbred hogs for export; applying harmonious measures to produce feed for breeds and provide veterinary care; developing the poultry population, especially a species of small duck; actively multiplying species of high-yield crossbred duck; using an appropriate approach to developing the buffalo herd; changing the old way of raising buffalo; ensuring year-round feed and drinking water; carrying out pest prevention and control measures properly; and paying attention to rearing herbivorous animals.

We should rear marine products in fresh-water and brackish-water areas; devise plans for protecting breeds; use biological measures to grow field fish in specialized and mixed facilities; encourage families to rear fish in ponds and breed shrimp for export; set up specialized shrimp-breeding areas; and apply new technology and semi-industrial breeding methods to increase productivity rapidly. We should combine shrimp breeding with forestry or rice farming, depending on the area. And people should be prohibited from destroying forestland and using riceland to rear shrimp.

We should pay attention to developing the family economy with vigor. The state and collective sectors are obligated to guide and enable it to develop according to a three-pronged formula that combines truck farming with pisciculture and animal husbandry and in concert with small industry and handicrafts. The family sector must also cooperate with its state and collective counterparts to provide technical services and supplies and engage in the preliminary processing and sale of products.

We should continue the in-depth effort to boost the capabilities of catching and processing marine products, build fish-processing installations, increase the number of service installations in proportion to the catch, rearrange sectors and crafts, link production with socioeconomic living conditions and national defense, develop the state sector, consolidate collective units, expand socioeconomic clusters in Ganh Hao, Song Doc, Nam Can, and Cai Doi, build clusters of fishermen, and stabilize their material and cultural living standards.

We should plant new trees on the remaining denuded forestland, matching afforestation with lumber exploitation; expand protective afforestation; stimulate people to plant trees; pay attention to planting trees along highways and planting fruit trees in support of the family economy; increase green foliage to contribute to environmental balance; organize integrated business on forestland by combining forestry with fishery and agriculture, exploiting special products and stepping up the processing of forestry products; continue to decentralize the management of forests by assigning land and forests to districts, cooperatives, and production collectives; clearly determine responsibilities for localities having forests under their jurisdiction and for units in charge of forest management; and develop forestry while building socioeconomic residential clusters to stabilize living standards.

We should develop industry, small industry, and handicrafts along with agriculture fishery, and forestry; provide most repair needs; outfit laborers with adequate equipment; produce consumer and export goods; and strive to meet provincial needs in terms of anti-mosquito net cloth bath towels, sugar, exercise books, and most glass, aluminum, and plasticwares.

We should reorganize production in industrial centers in Ca Mau and Bac Lieu and in industrial clusters in the zones, districts, and cities.

We should pay attention to manufacturing machinery for making improved tools and some machinery for use in agriculture and forestry, to producing building materials, and to building additional diesel-operated generators in areas where they are needed.

We should exploit peat and use all forms of energy including rice husks and natural gas.

We should build processing installation, set up clusters of processing industry in a rational manner in raw material areas, and strongly develop the production of building materials.

We should have a policy to encourage production while importing more raw materials and supplies to feed agriculture, small industry, and handicrafts.

In party building, we should renovate the ranks of cadres, perfect leadership and management organs, reassign party committee echelons, replace those who lack qualities and capabilities or are past their prime, boldly promote young cadres to leading party posts, refine the administration at various levels for better management of state affairs, especially the economy, invigorate party committees dealing with research or special matters, and supply cadres to the sectors of agriculture, fishery, forestry, industry, commerce, and export.

Leadership and management cadres should mindfully update their knowledge, organizational capabilities, and political ethics; stay close to installations and people in discharging their leadership duties; and show an exemplary lifestyle and an ability to forge unity and stimulate cadres and the masses to take part enthusiastically in labor. In economic sectors, cadres should firmly

grasp and follow the party's creative lines and policies, be responsive to new things, engage in bold thinking, change old work and business methods dauntlessly, and be proficient in planning for profitable production and business.

We should fully implement the party principle on democratic centralization, renovate work methods in all levels and sectors, strictly comply with party lines and policies, and match words with deeds according to the resolutions of superior echelons and collectives.

We should resolutely expel from the party those with murky political backgrounds, those who have lost the will to fight, and those who are backward and decadent; strictly punish irresponsible cadres and party members for causing losses of state property and for offending against people's interests, party principles and regulations and state laws; and mobilize the masses to contribute to party building through criticizing party chapter performances and party member behavior.

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ECONOMIC PLANNING, TRADE, AND FINANCE

VIETNAM

MARKET MANAGEMENT SITUATION IN VINH CITY REPORTED

Hanoi DOC LAP in Vietnamese 17 Sep 86 pp 4, 5

[Article by Huu Hanh: "On the Market Management Front: What Was Heard and Seen in Vinh City"]

[Text] Last mid-August, I had the opportunity to return to Vinh City (Nghe Tinh) to study an issue I had brooded over for quite some time: to learn more about the market management and price situation in the city.

The express train Hanoi-Vinh came to a stop at the last station at 6:30 a.m. The streets began to be animated, and the flow of transportation means, starting with the brand-new day and carrying all sorts of commodities, grew denser. Restaurants, coffee shops, sundry stores, and little service stalls located alongside Highway No 1, which offered services such as air pumping, hole repair, and the repair of bicycles, motorcycles, and automobiles, seemed to have "caught" their first customers. I had a sweet feeling of elation when I mentally compared this suburban area with the capital of Hanoi and found it quite clean. Nobody had disputed the sidewalks as yet. Road intersections were still unoccupied and conspicuously showed the absence of canvas tents which elsewhere offered to pump air for passers-by into bicycle tubes or to fix stalled vehicles with some tools placed at sixes and sevens in a wooden box. Many large arteries, such as Quang Trung, Cua Nam, and the stretch of Highway No 1 straddling Vinh City and leading to Ben Thuy, had almost no shops or booths run by private merchants. At night, it was rare to see flashing colored signs as in Haiphong or Nam Dinh. Although the city is reputed to be the most complex hot spot of the Nghe Tinh zone, I had the impression that its prices and market situation would not be so bad, and that the efforts of private businessmen wriggling themselves free from the grips of the system of control would be to no avail. The struggle to stabilize prices in Vinh City should present no major problems. With those thoughts in my mind, I went to my scheduled appointments with some comrade heads of the finance, commerce and industrial and commercial tax sectors.

Thai Van De, chief of the synthesized section of the tax branch, led me to a work session with Bach Si Que, chief of the industrial and commercial tax department of Vinh City. There, I randomly ran into some cadres of the provincial price commission. I was delighted that by a stroke of luck, I could meet quite a few cadres whom I had planned to meet. After the initial greetings, as if he could read my mind, Comrade Bach Si Que cheerfully began our discussion.

He started by speaking about the characteristics of goods circulation in Vinh City: it had over 2,700 households doing business in the industrial and commercial fields, but only 1,000 of them had registered and paid monthly taxes. At night, almost all of the street was not lit, there were a few people doing business, and a few stores selling colorful and fancy goods, such as fabrics, foreign-made clothes, and sundries, were open. There were many business households with monthly tax brackets above 20,000 to 30,000 dong, but they consisted mostly of restaurants and other forms of eateries and were clustered only around markets and bus stations. This general picture does not mean necessarily that tax and market management work was not complex here and that everything ran smoothly. In addition to three major business centers that stayed open 30 days a month--which were the Vinh market, the areas around the interprovincial railroad station, and the bus station--there were five other markets whose infrastructures were not second to none to other district markets: the markets of Ben Thuy, Coi, Hung Binh, and Ga. Nearly 80 collective economic units had to fulfill their duty of paying taxes to the state, and within those units, the price, finance and tax agencies permanently planted men to monitor and control. Managing 27 small-industry and handicraft production units is not as tough and complex as managing a couple of dozen collective economic organizations that are specialized in transporting, buying and selling goods. Prices went up every hour. Business income differed each day. Commodities also changed. How can a tax cadre, in this can of worms, calculate income justly and as close as possible to state regulations? After many years of experience, the tax sector has learned a valuable lesson: "Look for activities to which more businessmen swarm in to do business, and adjust the tax in the higher direction, because there the business is still profitable." In the summer, the city market management forces keep an eye on the drinking and eating businesses. In the winter, attention is shifted to the textile and tailoring sectors. In the harvest season, management actions and tax collection must be focused on marine products, peanuts, beans, and sesame. The industrial and commercial tax sector has adopted many measures to enforce regulations, those measures being executed in a lenient or strict manner to induce the businessman to pay taxes on a relatively just level. This level is directly proportional to the price index on the free market and with unit prices paid by the consumer.

Nobody can say that tax collection and market management are simple and easy tasks because the task is one of the key issues affecting two sets of attitudes and two schools of thought. In business, few can avoid the grey and dark approaches. If one expects private businessmen to adhere to ethical principles and not sway in the other direction, it is mere illusion. Everybody knows that even collective outlets and department stores, production groups, and cooperatives are not immune from negative phenomena. Why then, for several years in a row, has Vinh City done pretty well its tax work? (From 1981 to 1985, collection exceeded by 1 to 20 percent the planned norms, and especially for the first 6 months of this year, 52 percent of the annual plan was reached.)

The secret? The city has simply incorporated price management and industrial and commercial tax collection in the various levels of government. Vinh City literally vests the management authority over fixed business households located in their territory to the subward and village. The ward or village manages

those households in the administrative and employment fields and supervises the discharge of the tax duty of each household. Cadres from the tax and market management sectors are also assigned the monitoring of professional activities in determined areas, work with local governments, and together with the latter, manage the activities of private businessmen. Each month, the due date for tax payment is the 20th or 25th day. Collection is made by tax cadres and supervised by the local government. A rebate of 10 percent of taxes collected is given to the subward or village budget. Any household that does not pay taxes on time (without a valid reason) is penalized, and the tax cadre will come right to the house to claim the tax until paid. Naturally, in these cases, the 10 percent deduction does not apply. This method has the merit of encouraging subwards to try their best in collection in order to get the income. The monthly collection ratio was 90 percent or higher. The number of tax cadres assigned to subwards and villages is marginal, and others are assigned to the tax collection unit in charge of individual peddling taxes and collective business taxes. Since Vinh City sits at railroad and road junctions, market management and supervision me quite hard job. The Vinh market, which is open 30 days a month for continuous business, has 3 main market days on which people from the whole province flock to do business. People having a large quantity of goods choose those days to come to sell their wares. Sellers display their merchandise even on pavements. It is virtually impossible to know the number of peddlers who come and go at changing times, and tax collection is very difficult. Some people trade state-controlled substances, such as opium, coffee, fabrics, and foreign cigarettes, and it is extremely hard to catch them because they have their own intelligence system and would bring their merchandise only when a prospective buyer is confirmed. Yet the merchandise is forwarded through several hops and is sometimes delivered somewhere else than at the market. Therefore, the superheads of the market management and tax collection forces of the Vinh market, the port, and the bus station aim at looking for those subjects. Fighting smuggling means avoiding tax losses. There lies the difficulty of the reforms and management of the market in Vinh City.

After a few days of toiling in an area swept by hot winds, trying to learn more about a hot issue that keeps the headlines in a hot territory--Vinh City--I had many occasions to saunter about the streets at night. Another impression came to my mind: here, streets in the American style are not a few. Since Vinh had not enough electricity to light the streets, small private merchant's shops used oval lanterns, while larger stores used gas lights, and little shops selling sundries used kerosene lamps. Those small shops that mushroomed on both sidewalks of Highway No 1 and opened for a few hours only in the afternoon or in the evening swiftly sold their merchandise and disappeared. Those businesses were precisely the uncontrollable and uncontrolled ones, as the chief of the municipal tax department put it. Once, at daybreak, I wandered at an intersection near the city's "Public Relations" hotel. I saw six or seven peddlers selling sweet rice, smashed pork, and steamed rolls, their food items placed in two baskets neatly slipped in rattan frames. Their transactions lasted only a couple of hours until the food ran out. When there was nothing else to sell, the makeshift market just faded away. No taxes were collected. On the contrary, at the breakfast counter of the "Public Relations" hotel, there was not a soul because "its management style and its income cannot match those of a sweet rice peddler," as many opined. "It is only logical that the

sweet rice peddler gets rich," I said to myself, and that thought led my mind to wander about thousands of households peddling sundries and odds and ends on other streets. At the tax branch office, I witnessed the case of a small business household which gladly accepted registration with the tax agency. But when it came to discussing tax payments, they wailed and lamented as if the death of their father just befell. They said that they had to raise many children, that they lived in a thatched house with dirt walls. The tax cadres looked uneasy. What happened afterward was weird: the local government decided to collect from this very household 6 years of back taxes, and the household complied. It dawned on me then that only the local government knew the real situation of the household in question. Moreover, a short time subsequent to that incident, I heard that the chief of the household bought a house at 100,000 dong (old currency). That's what really happened. This was a kind of challenge to the authorities.

The most common current deficiency is price management over private businessmen. The same "33" beer, the same glass of lemonade, the same cup of coffee, the same kilogram of pork, and the same bicycle accessory cost a different price at different stores. "If they raise prices, we raise taxes." Taxes were after prices all day long, and that was an unending race. Nevertheless, many merchants put it bluntly to their customers: "Taxes are levied against you, not us. If we cannot fight them, would we do all this work for free?" I suddenly asked myself: "Is it true that the tax sector here merely cares about increasing the revenue and forgets control and price management of private businesses." By the end of the 2d quarter, the price index went up 15 percent over the end of the 1st, and this mischievous occurrence deserves some attention.

At this time, the Vinh City market is feverishly preoccupied with the prices of cashews and beans. Fresh lemons abound but not many buyers compete for them because they don't sell fast. Working with the tax office at the Vinh railroad station, I knew that each day, at least a couple of tons of cashews made their way out of the province. Almost every passenger taking the Vinh-Hanoi train carried some cashews, mung beans, black beans, or coffee. Before the doors of the train alid open, tens of carriages, pedicabs, and push carts loaded with gunnysacks, Knapsacks, wooden trunks, and metal containers full of cashews assembled in the station yard. The few policemen and market management and tax cadres were powerless in front of the huge swarm. From my own eyes, I observed tax cadres gathering the smuggled goods of two passengers. About 50 kg of cashews were filled in two suitcases rolled in an individual mat. They were bonafide traders, but getting them to pay taxes was very difficult. While they were negotiating with tax cadres, they hired henchmen to sneak away the merchandise. At the Vinh railroad station, these kinds of occurrences were not rare, and moreover, as the chief of the tax office put it, a few cadres and employees at the railroad station covered up the smuggling, or worse, helped smugglers by sneaking away their merchandise for money. The back side of the station, the living quarters of some railroad workers, and the station restaurant were used as marshalling and hiding places for smuggled goods and for tax evasion for professional merchants. The chief of the tax office at the Vinh railroad station was once badly beaten up by wicked people, and on another occasion, he was detained by train security men several days in a row for too eagerly chasing smugglers in the station's yard and trying to locate smuggled

goods when the train stopped over. Those incidents triggered a de-escalation of anti-smuggling efforts by some tax cadres. Some others succumbed to temptation and became depraved. I also heard other sayings that went, "Taxes must serve tax cadres first," or "every cadre of the tax or market management sector has a ruddy complexion, and each one can build a handsome house for himself after 5 years of work or more." People also said that asking for an assignment within the tax sector is harder than asking for an authorization to go abroad, because if one gets the former, he can take advantage of the assignment his whole life while the latter can provide incentives for just a few years. I think it is fair not to generalize, but anyway, "where there is smoke, there is a fire" and "a pot of finish has the same smell." The commercial tax sector ought to deal severely with the degenerated elements to strengthen confidence. Present public opinion looks at checks and controls made by the tax and market management cadres as hindrances to the circulation of goods and moreover, the people, feel those actions are incapable of stabilizing the prices but, on the contrary, jack them up. Few people actually sympathize with cadres of the tax and market management sectors.

I finally took another express train from Vinh to Hanoi. Each car was packed with countless gunnysacks and knapsacks full of cashews. Rarely did I see chicken cages or bags of beans. And this was an express train. I wondered what a slow train would look like, and it would only be terrifying. As the chief of the tax office at the Vinh railroad station put it, each day at least a couple of tons of cashews exits the province, and that is only a modest estimate. "Regardless of how inspection and control are exerted, the nut made its way out," a passenger grieved. I had the occasion to agree fully with the traveler when the train suddenly made a nonscheduled stop somewhere at 7 or 8 km before the Hanoi station. While the commodity was dumped the train, four or five trucks eased onto the drop zone and hauled it away. What I saw seemed to confirm that there was a true "business" chain, and I wondered what tax and market management forces could do anything against it.

After a week of duty in Vinh City, I saw and heard many things. The market and prices here were somewhat better than some other localities with the same characteristics, but confusion and complex problems still lingered. The linchpin of Nghe Tinh's goods circulation is still facing many problems, chiefly in terms of agricultural products and precious pharmaceutical products in which translations by private business are prohibited by the state. It is good to manage fixed business households well. But proper management must be exerted over goods circulation and small businesses in order that Vinh can benefit from a salutary change on the hot front of prices, wages, and money.

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AGRICULTURE

VIETNAM

RATIONAL USE OF FARMLAND ADVOCATED

Hanoi NHAN DAN in Vietnamese 17 Sep 86 pp 1, 4

[Editorial: "Best Use of Rice-growing Land"]

[Text] In our country, the average per capita area is low and equivalent to only one-sixth of that in other regions of the world. However, we have only used half of our land area and 20.6 percent of this used land is reserved for agriculture. This means that the remaining potential of our land is still great. Therefore, the full use of labor and land is a latent possibility which will enable us to advance in the first stage of transition to socialism.

Concerning the area already used for agriculture and the land suitable for farming purposes, we have organized and planned their use by taking into account the conditions of land and the characteristics of crops in order to meet the consumption need of society, to provide raw materials for the processing industry, and to yield agricultural products for export. Because rice is a precious grain product of high use value, priority has been given to its cultivation on various types of land suitable for each rice strain. Over the past years, we have rapidly increased the rice area by combining water conservancy with the application of technical advances made in the biological revolution. However, a review of the use of rice land in the past 5 years has revealed that beside the progress made in intensive cultivation and increased productivity, there has been a yearly decrease of 5.88 percent in the cultivated land, which includes a reduction of 7.89 percent in the rice-grown area. This means an average yearly decrease of 74,000 hectares of rice-grown land nationwide-- a situation requiring thorough analysis.

The decrease in rice-grown land has many causes, which vary with each region. In some regions which produce rice as a commercial product, a number of cooperatives and peasants have found on reckoning that cultivating low-yield rice in certain areas is not more profitable than cultivating other crops and have, therefore, replaced rice cultivation with the sowing and growing of other crops. In some other regions where the land is hollow and the rice cultivation conditions are unstable, especially for the 10th-month crop, people have applied the somewhat rational method of replacing the risky cultivation of a rice crop by the breeding of fish and the growing of lotus.

In addition to these economic calculations, there have been shortcomings in managing farmland, especially the failure to manage tightly the land used to grow grain crops. In many localities, ricefields have been used to build houses beyond the set norms and contrary to the promulgated regulations. The wasteful use of farmland to build water conservancy works, communication roads, and capital construction projects has also reduced the rice-grown area. In particular, the unplanned expansion of brick and tile kilns has led to the wasteful use of land formerly grown with two or three rice and subsidiary food crops each year.

To manage and use farmland well is an urgent long-term task. The immediate task is to prevent the reckless use of farmland, especially the rice-grown and mature land, for other purposes. If errors are allowed to happen in the use of land, it will be very difficult to correct them 1 year after. Soon after a hectare of land rice has been illegally used to make bricks and tiles, the high-level land will become a hollow field or pond and the upper layer of fertile soil will be eroded so that if cultivation is to be resumed on this piece of land, it will no longer be as satisfactory as in the past. The duty to protect farmland, first and foremost the rice-grown land, lies with the administration at various echelons and with cooperatives and production collectives at the grassroots level.

A basic task involved in land management is land survey and planning. Only by carrying out investigations and achieving a knowledge of the land conditions can we formulate guidelines on crop patterns and set forth measures on intensive cultivation in order to use each square meter of land most effectively. To date, analytical data have been compiled for only 1.2 million out of a total of 6.9 million hectares of farmland while many plans to use land still lack an accurate scientific basis. It is necessary to step up land mapping and soil analyses to provide a basis for drawing up production projects and plans within the framework of yearly and long-term plans.

Saving land and making use of farmland, especially the land grown with rice and other grain crops, is an important task of authorities at all levels as well as of all agricultural economic installations. The sooner and the more strictly this task is done, the less harmful the consequences will be.

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HEAVY INDUSTRY AND CONSTRUCTION

VIETNAM

UNION LEADER VISITS MINERS, CEMENT WORKERS

Hanoi LAO DONG in Vietnamese 24 Jul 86 p 2

[Article by Phu Nhuan: "Trade Union Confederation Leader Inspects Situation of Production and Life in a Number of Coal and Cement Enterprises"]

[Text] Recently, Pham The Duyet, Acting Chairman of the Confederation of Trade Unions, went to inspect the situation of production and life at the Mao Khe Coal Mine, Mao Khe Mine Construction and Installation Enterprise, and the Hoang Thach Cement Plant.

At the Mao Khe Coal Mine, after working with the mine's director, party committee and trade union, he met and talked informally with the workers of the Shaft 56 area coal production shops.

The workers informed him of the specific situations presently occurring at the mine. Production is encountering many difficulties in the technical conditions of shaft exploitation and digging, and in materials for production and labor safety, and especially, difficulties are being encountered in life at the mine. He also examined the between-shift lunches of the miners and observed they were extremely frugal. The hazardous duty and third shift subsidies previously paid in materials such as sugar, milk, bread, etc. are not now specifically stipulated in the new wage scales and have been cut off, further adversely affecting the actual income of the worker and leading to increasingly greater difficulties in life.

He praised the spirit of initiative and ownership concept of the miners for remaining at their job to resolve the many immediate difficulties such as introducing an electric trolley to carry coal in the mine. He reminded them of the words of beloved Uncle Ho, "The coal trade is the same as the army in striking the aggressor" and demanded that the miners be wise and creative; and define the mine as an emplacement and each worker as a brave soldier fighting for the existence of production and the country. He also stated that efforts must be made to overcome the difficulties and challenges that the country is now being forced to confront and withstand.

For himself, he promised the workers that he would fully and objectively reflect the difficulties of the mine to party and state leaders for examination and solution; and hold discussions with the leaders of other mines on overcoming the difficulties, creating conditions for making the lives of the workers better, and creating conditions for better production.

The worker collective of Shaft 56 promised the Acting Chairman of the Confederation of Trade Unions that they would strive to assist in successfully achieving the plan of 600,000 tons of coal during 1986.

Pham The Duet went all the way into Shaft 56 to the production position to meet the workers. During the evening, he visited the workers of the collective, the leaders of the mine, and the old and retired workers.

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HEAVY INDUSTRY AND CONSTRUCTION

VIETNAM

MEASURES TAKEN TO IMPROVE CEMENT PRODUCTION

Hanoi NHAN DAN in Vietnamese 16 Sep 86 p 2

[Article by Nguyen Thao: "Thanh Ba Cement Factory Improves Product Quality"]

[Text] The Thanh Ba cement factory belongs to the Vinh Phu Federation of Cement and limestone Enterprises and is a local enterprise with poor material and technical facilities. However, over the past years, the factory displayed a spirit of self-sufficiency and exerted great efforts to produce low-grade black cement of various kinds as well as white cement to help meet the needs of Vinh Phu Province and the entire country. From 2,000 tons during the 1980-82 period, its output of low-grade black cement rose to 4,000 tons in 1984, 6,000 tons in 1985, and 8,000 tons in 1986. In the first 6 months of this year, the factory repaired and changed its equipment while performing production and fulfilling over 44 percent of the yearly plan norm. In July, after completing repairs and the installation of some new equipment, the factory produced 1,000 tons of black cement, which was twice the output in the previous months. In addition to producing black cement, the Thanh Ba cement factory successfully produced white cement. Not long ago, it produced the first batch of white cement with success and the increased its output to 2,000 tons in 1984 and 3,000 tons in 1985. The white cement produced by the factory was sold extensively inside and outside the province. However, consumers were not yet really pleased with the quality of all kinds of cement produced by the factory, especially black cement.

What should be done to improve the quality of products, including both black and white cement, and could the professional skill of workers ensure better product quality? This question arose from many root causes ever since 1984 and especially since 1985 when the factory achieved a high output. This question stemmed from the objective fact that the quality of the factory product was once rather high. For example, the cement experimentally produced by the factory once reached the 250 mark and was appreciatively used by consumers. But when it was mass-produced, black cement reached only the 170-180 mark; worse still, many batches reached only the 150 mark. The quality of white cement was more stable but still low and many batches reached only the 200 mark.

For the Thanh Ba cement factory, any improvement in product quality could not be dissociated from the perfection of equipment, the standardization of raw materials, the strict implementation of technical regulations, the improvement

of the professional skill of workers, and the system of associating the end product with wages and rewards. The first difficulty encountered in improving product quality arose from the use of old machines and the improper standardization of raw materials and fuel. Some grinding mills ran contrary to technical regulations and intermittently rotated fast and slow, which made it impossible to obtain the required degree of fineness of flour. Because raw materials, such as stone and clay, were substandard, their blending and mixing could not attain the required degree of reliability. Concerning furnace coal, in particular, the factory was supplied only with coal dust No 4 and 5 instead of coal dust No 2 and 3 according to technical regulations. Consequently, the kiln temperature did not exceed 1,600 degrees and full reactions did not take place, which accounted for the poor quality of cement. As a result, it was impossible to associate the product contracting system with product quality so that workers tended to produce as much as they could just to receive rewards.

Early in 1986, the factory set aside 2 million dong to buy new equipment to replace the old machines, to overhaul and repair those which no longer ran in accordance with technical standards, to install three more grinding mills having each a capacity of 1,2 tons per hour, to modify and reduce the speed of parts of production line No 1, to repair shaping machines to obtain uniform pellets, and to repair the kiln in the black cement workshop. Because it is considered the "eye" of the factory, the laboratory has been operated by more capable cadres and supplied with new equipment--such as compressors, tubular gauges, accurate scales, test kilns, and essential chemicals--which has enabled it to produce cement experimentally prior to mass production and to control the quality, including strength and use time, of cement the moment it comes out of the kiln. The laboratory can also analyze the composition of raw materials --such as the percentage of silica and aluminum in clay and that of Ca_2O and MgO in limestone--thus helping the factory select raw materials, such as limestone and clay, according to technical standards during the cement production process. This is also an important condition to improve cement quality.

The factory considers standardization of raw materials and fuel to be the first condition to improve cement quality. The factory is determined to carry out this standardization step by step at a time when material supplies are still insufficient and nonhomogeneous--such as low-heat coal and shortage of electric power--and when the sources of raw materials, such as pure stone to make white cement, are still scarce. Applying firmly this technical standardization to the principal raw materials, the factory has used pure stone to produce white cement: to make black cement, it has used clay with 70 percent silica and not over 15 percent aluminum and has used stone with over 52 percent Ca_2O and below 1 percent MgO . The factory intends to gradually apply more complex technical standards. Concerning the fuel necessary to production, such as coal and electricity, the factory has strenuously taken advantage of economic associations to ask for compliance with coal supply norms and to go to mines to take direct delivery of 1,500 tons of lump coal to fire kilns. As a result, the temperature of kilns, especially the white cement kilns, has steadily reached 1,600 degrees. The batches of cement coming out of kilns fired with lump coal have been whiter and qualitatively better than the cement baked in kilns that were fired with coal dust. In addition, the factory has signed a contract with the Building Materials Institute (Ministry of Building) on the management of product quality and the introduction of new techniques into the production process in the next 5 years.

The months of June and July marked the beginning of the system of paying wages according to product quality. The factory specified that if the quality of cement became stable within 25 to 30 days, workers would receive only the fixed contractual wages and that if it became stable within 10 or 12 days, workers would receive a bonus equivalent to 70 percent of their contractual salaries. This induced every worker in every production shift to implement technical regulations attentively and strictly and to take care to improve product quality, thus starting a seething emulation movement. For example, cement workshop No 2 which had 119 cadres and workers produced 170 tons of high-quality cement in June so that the average salary of each individual rose to 781 dong--an increase of 313 dong over the contractual wage. To associate the control of cement quality with the payment of salaries according to cement quality, the factory devised the method of recording the origin of each batch of cement freshly issuing from each kiln and of mentioning the name of each production unit, the cement strength, and the time taken by the unit to stabilize cement quality. This working method has enhanced the sense of responsibility of each production unit and simultaneously provided the first basis for paying wages according to job quality.

Despite difficulties, the efforts to improve product quality in the Thanh Ba cement factory have thus brought about an initial success.

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LIGHT INDUSTRY

VIETNAM

SMALL-INDUSTRY, HANDICRAFT ACTIVITIES IN FIRST HALF-YEAR

Hanoi TIEU CONG NGHIEP THU CONG NGHIEP in Vietnamese 15 Aug 86 pp 1, 2

[Article by Hong Phuong: "Small-industry and Handicraft Activities in Hanoi in the Recent Past"]

[Text] Material supplies and raw materials are always a matter of life and death for production. They even exert a more decisive impact on the small-industry and handicraft sector because the handicraft worker must always use his resourcefulness to the optimum in order to keep his job. In other words, he must take the initiative in exploiting the sources of material supplies and raw materials and cannot afford the luxury to stay idle and wait for the correct execution of contracts. This is an inherent disadvantage. Given these characteristics, in the first 6 months of the year, the small-industry and handicraft sector of Hanoi has overcome scores of difficulties: In terms of material supplies and raw materials, the sector did not receive sufficient and homogenous supplies as stipulated in production contracts. Other problems stemmed from the lack of goods to trade against material supplies and discarded materials, and also from the limitations in non-tradable items, price fluctuations, increases in transportation costs, delays in signing contracts and in delivering raw materials because of organizational changes within client agencies, and non-conformance with determinations of the municipal people's committee in setting contract work and purchasing prices. Yet the sector completed 42.5 percent of its annual plan, generating an income of nearly 1.2 billion dong, an increase of 14.8 percent over the same period last year. Districts and wards also completed 40 to 46 percent of their annual plans, with the exception of Hoai Duc District, which recorded a completion of 102 percent of the plan for the first 6 months of the year.

Production of consumer goods especially recorded some progress, and reached 42.5 percent of the plan. The 6-month output was valued at nearly 900 million dong, and some products' output, such as bicycle frames, counter drive shafts, improved roller bearings, plasticware, threshers, leather and artificial-leader products, peanuts bean threads, etc., was particularly high compared with the annual plan.

The high production ratio of the above products was due, in most cases, to the efforts of units which did not hesitate in walking a second mile in procuring material supplies and raw materials for themselves. In the last 6 months,

those units have exploited, on their own, 14,000 tons of various material supplies, such as iron, steel, aluminum, copper, plastics, coal, kaolin, and over 1,000 cords of firewood and 13,000 cubic meters of round lumber valued at nearly 500 million dong, taking up 45 percent of the plan. The city federation of enterprises, working closely with the provinces of Lang Son, Bac Thai, and Vinh Phu in the forms of economic linkages or cooperation in 1986, exploited or bought cotton, rattan, bamboo, and bamboo shades. The rattan-bamboo federation of cooperatives exploited 30 tons of cotton and 50,000 meters of rattan. The Small-industry Material Supply Co. procured for itself an additional 100 cubic meters uncut lumber, 4 tons of carbide, 100 tons of coal, etc. The federation of cooperatives of Dong Da District exploited 45 tons of chunk crystal. In the face of limitations in material supplies, units rapidly set up stations for the purchase or trade of supplies and discarded materials, making it easier for the consumers in the procurement of goods, such as in Hoan Kiem District, which obtained 205 tons of plastics and 40 tons of cardboard. Ba Dinh District exploited an additional 35 tons of PP [polypropylene] fiber.

In the first 6 months of the year, electricity was provided in pretty sufficient quantity as planned (planned: nearly 6 million kWh; supplied: nearly 5 million kWh, creating favorable conditions for production units.

Although small-industry and handicraft production has achieved certain results, compared with the plan, production speed has been slow. Production of export goods has been declining, chiefly those items of great output, such as wool rugs, jute mats, and embroideries. The causes of the decline were totally objective, and the chief one was the insufficiency and lack of homogeneity of material supplies and raw materials which should have been balanced and should have met all specifications in contracts. Instances of those deficiencies abound: a contract was signed to provide 60,000 pairs of gloves for workers producing export goods, but by the end of June, no raw materials were obtained for their production. Another contract involved the federation of bicycle enterprises for the production of 350 tons of accessories, but in 6 months, only 15 percent of the needs in material supplies were balanced. The Long Bien jute mats which were exportable could not be sufficiently produced because of a lack of spun jute threads. On the contrary, there was a surplus of chunk-jute mats which were not exportable, and one-third of the cooperatives members producing this product were laid off. For other commodities such as tanned leather, sauces, paper scissors, spun fiber, etc., production needs went down nearly 50 percent compared with the same period in 1985. To enhance product quality, the sector concentrated its leadership efforts in the application of technological progress including the test-manufacturing of some products for which the municipal people's committee allocated a grant of 310,000 dong. The test projects included an automatic spinning machine, a pressing machine for the manufacture of false leather, a weaving machine using PP fiber to make sags, the chain production of soft-drink bottles, etc. The quality of manufactured products is improving, chiefly the Rang Dong bicycle frames and the Viet Phu bicycle saddles (recommended for the state seal of quality). In cooperation with the Scientific and Technological Committee, the municipal federation of cooperatives is conducting quality inspections on certain hand tools and bicycle accessories. The Fine Arts Subcommittee is carrying out a program for the restoration of traditional products such as lacquerware, mother-of-pearl

encrusting, and porcelain and ceramics. In particular, the subcommittee has organized a traditional arts and crafts contest in the spring of 1986 with good success.

It has been undeniably accepted that whenever scientific and technological progress was given proper attention, labor productivity was enhanced, and product quality was gradually improved. Due to the proper application of technological progress and the development of the spirit of initiative within and outside the sector to improve equipment, many new products have been manufactured: nylon for raincoats, sags made of PP fiber, arts products, export porcelain and ceramics, etc.

Still confronting numerous difficulties, the sector has nevertheless completed 42.5 percent of the plan, and that achievement denoted a great effort from all cadres and cooperative members. For the last 6 months of the year, the whole sector will have to struggle to generate an additional 1.5 billion dong in general output in order to complete the plan.

All handicraft workers in the capital have taken concrete measures to reach that goal: efforts will be mustered to develop the production of products with high market demand and with sufficient raw materials, such as bicycle accessories, plasticsware, false leather, ready-made clothing, crystal, and porcelain and ceramics; preparations will be to start the production plan of new products with high development potential, such as shoemaking and the industrial sewing of export clothing. Workers' skills and equipment of the sewing and leather sectors will be used to the optimum in the manufacture of clothing, uniforms, and artificial leather products to support consumer needs. Production will be boosted and quality will be ensured for products that the state has placed under the management of the sector: expansion of the production of Venice lace and transfer of workers doing color embroidery with white embroidery. Economic linkages and connections with other sectors and localities will be expanded. The purchase and trade of discarded materials will be properly set up to get more raw materials for production. In the 3d quarter, efforts should be made to expand the forms of exploitation of material supplies, and to organize many purchasing and trading stations in all districts, wards, and towns, in order to use to the optimum discarded materials. The application of scientific and technological progress will be optimally done to improve equipment and to support actively the production development of commodities in great demand.

Enthused by the support of Resolution No 306 on the right of basic units to take the initiative in their production and business ventures, handicraft workers in the whole city will resolutely complete and exceed the plan and in so doing, they will affirm that they are the proud members of a unit which carries the first flag of the sector.

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LIGHT INDUSTRY

VIETNAM

SOLVING PROBLEMS IN SEWING SECTOR RECOMMENDED

Hanoi TIEU CONG NGHEP THU CONG NGIEP in Vietnamese 15 Aug 86 p 7

[Article by Minh Nam: "Ho Chi Minh City: Problems That Need To Be Solved in the Sewing Sector"]

[Text] Industrial export products sewn on contract is one of the strongest sectors of Ho Chi Minh City. With hundreds of collective facilities and tens of thousands of workers, the sector has generated a substantial income in foreign currency in past years.

However, in the first 6 months of this year, there was a serious decline in the activities of the sector, which completed only one-third of its annual plan. The cause was neither a lack of market nor a shortage of raw materials. Likewise, it was not because the production capabilities of the sector were declining to the extent of triggering a plummeting course.

Labor Cost To Make a Shirt for Export Was No More Than That of a Sweet Potato.

To common understanding, the cost of labor in making articles of clothing for export should be higher than that for making clothes for domestic use, the reason being that it is far from easy to satisfy the liking of a foreign customer, especially when the latter is from an economically developed country. In order to make good export items, the technique must be tougher, skills must be sharper, and the equipment must be better.

However, contrary to the above understanding, the labor cost in making articles of clothing for export is currently the lowest. For almost all clothing items for export, the labor cost, as stipulated in contracts signed by cooperatives and production groups, was from 5 to 6 dong each, and in some instances, it was as low as 4 dong. After deductions were made, such as for electricity, rent, management expenses, various funds, and other dues, the worker could get 50 to 60 percent of that price. Perhaps because of the above that a member of the Dai Thanh sewing cooperative (10th Precinct), while eating a sweet potato for breakfast, said to his director: "The labor price of making a shirt for export cannot buy this potato."

At all other cooperatives, such as the Thanh Xuan (5th Precinct), Dung Tien, Ban Co (3d Precinct), Tien Phat (Tan Binh District), 30 April (1st Precinct), and Tien Phong (Binh Thanh District), living conditions of the cooperative

members are precarious. Let's make a simple calculation: at the actual income of 341 dong for making a shirt for export, a worker can make 20.4 dong a day if he can muster all his energy to sew six shirts. Each month, he can work 22 days at most (because of an electrical outage), therefore, his monthly income cannot be more than 448.8 dong if he has enough skill and if he puts in enough effort. This income is too low to permit him to live a hand-to-mouth existence, let alone to support his family.

Machines Broken Down, Work Force Reduced

We can see that the income of the worker doing contract work in making export clothing was desperately low. However, conscious of the responsibility of the worker vis-a-vis the economic relationships of the state with the foreign clientele, cooperative members still tried to stick to their cooperatives. Cooperatives were making all possible efforts to overcome difficulties, to maintain production, and to support exports, with the hope that the situation will somehow change for the better. Unfortunately, many years have gone by, and the situation has not budged while production and livelihood problems piled up. Almost all cooperatives had to open new divisions to produce domestic-use goods to get additional income and compensate for their contract work in making clothing items for export.

Because of this extremely low contract price, the amount of income set aside for depreciation, repairs, and the acquisition of new equipment was marginal. On the other hand, the prices of accessories, of add-on components, and of new and modern machines were skyrocketing. Many cooperatives not only were unable to buy new machines but were seriously short of spare parts. Because of this, cannibalization, which consisted of taking parts from severely out-of-order machines to fix those slightly broken, took place at many cooperatives. The ratio of machines in service gradually decreased. Certain cooperatives had 400 sewing machines at the time they started. Now they have only around 100 in working order.

Lingering livelihood problems caused many members of cooperatives and production groups to quit and try self-employment to make a living. In just 6 months since the start of the year, many cooperatives lost over 30 members. Some units with 400 members have now only over 70.

The rapid decline of the contract sewing sector in Ho Chi Minh City at present cannot be better illustrated by the following statement made by Nguyen Dinh The, director of the Dai Thanh Cooperative (104R Precinct): "It is high time to flash an S.O.S. signal so that related ministries, other functional agencies at the central level, and the city can find some way to solve the problems."

Irrationalities That Need To Be Immediately Straightened Out

It is the policy of our state to encourage the production of export goods. This policy is further reflected in the policies governing prices, taxes, bank loans, use of foreign currency, exchange goods, etc. In terms of the contract sewing sector, there seems to be no firm policy to encourage its expansion. Contract prices are too low. Income exemptions are backward. To date, they still are 200 dong.

For quite a long time, small-industry and handicraft units doing contract sewing have not been allotted any share of foreign currency or exchange goods in order to reinvest in equipment or to purchase spare parts. Another fact worth giving some thought, as the comrade director of the 2 September Cooperative (3d Precinct) put it: "If a cooperative enters into a contract with an enterprise and fulfills it, the person at the enterprise in charge of monitoring that cooperative receives a bonus, not the cooperative." This is an irrational way of doing things, and it will certainly not encourage the producer.

The most urgent issue for the sewing sector doing contract work for export in this city is still the labor price. It is the opinion of most units that the present price determinations made by the Ministry of Light Industry instead of by the municipal price commission is not rational. The reason is simply that the ministry sets prices on the basis of the prices of grains and other food items which are not commensurate with the organized market of this city. As an instance, the ministry bases its determinations on the price of rice 4.2 dong per kg and the price of pork at 42 dong per kg, while in reality, the prices of those commodities are much higher in the city.

Because of price hikes, recently contract sewing prices in making domestic-use articles of clothing were doubled and approved by the municipal price commission, but contract prices in making clothing for export were not revised by the related ministry and remained unchanged.

As mentioned earlier, the sewing sector making export clothing on contract is one of the strengths of the city. Short of appropriate measures, the sector will wither and the lives of tens of thousands of its workers will be jeopardized. Its decline will also mean fewer products for export and less income on foreign currency for the country.

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LIGHT INDUSTRY

VIETNAM

POOR QUALITY GOODS RETURNED AFTER PASSING INSPECTION

Hanoi TIEU CONG NGHIEP THU CONG NGHIEP in Vietnamese 29 Aug 86 p 7

[Article by Hung Quoc Anh: "Whose Responsibility?"]

[Text] During the past 2 years, the quality of handmade export goods, especially mats, baskets, etc., has declined to an alarming degree, the reprocessing rate has steadily climbed, and the prestige of the Tien Giang small industry and export sectors has suffered a slight adverse effect. Since the beginning of the year, all of the shipments of XL 10 mats, baskets, etc. sent to Ho Chi Minh City have been returned with up to 60 percent requiring reprocessing and the craftsmen have been extremely flustered. Why does this situation exist? It is known that most of the goods are returned for technical errors: colors not clear and uniform, border seams not straight, and weaving not uniform. Why were these kinds of goods delivered all the way to Ho Chi Minh City (that is, through the testing of the goods acceptance detachment before leaving the province) before the mistakes above were discovered?

First of all were the objective reasons of completely renewed patterns and complex technical requirements and skills unfamiliar to the craftsmen which made errors unavoidable. However, the primary reason is the lack of an investment policy for new products.

--Craftsmen have not yet received clear technical guidance. For example, in a 1986 trade contract between a trade agency and a production facility, Clause 11 on technical specifications and quality stipulated, "The goods will not be mildewed or damp, must be dry, have bright and uniform colors on each item, etc." This clause is extremely abstract: What are bright colors? What color is considered a bright color? What do you call uniform? What density per area is considered uniform? Because the production facilities receive no technical guidance, they usually encounter difficulties and must follow their own subjective view. On the other hand, there is no agreement between goods acceptance detachments: one accepts a goods lot while another disagrees, etc. Consequently, product testing and acceptance usually originates from the subjective view of the goods acceptance cadre and because there are no unified or specific standards, the fact that the goods reach the city and must be returned is easy to understand.

There is no clear provision in contracts on the period for which the responsible facility must guarantee its goods, only a note that: "In cases where goods are exported to a foreign country and the customer complains about the specifications, quality or amount that are the fault of party A (the production unit),

party A must bear complete responsibility for that goods lot." Thus, if party B (the procurement agency) stores goods for a long time and they are damp and mildewed when delivered to Ho Chi Minh City and are returned because industrial sanitation conditions were not ensured, is it the responsibility of party A?

Through the causes above, the craftsman proposes:

--Export goods procurement agencies must urgently and specifically work with the agencies receiving their goods in Ho Chi Minh City to propose truly specific and clear regulations on the technical specifications and quality of products (for each regulation, a sample must be sent to the basic unit).

After specific regulations are formulated and samples are prepared for delivery to basic units, the basic units must be reassembled to arrange for detailed and clear guidance. Therefore, if a basic unit violates regulations for which instructions have been given, the responsibility lies entirely in the direction of the basic unit.

The period for which the basic unit is responsible for guaranteeing industrial sanitation (such as dampness, mildew, etc.) during the storage period of the procurement agency will be stipulated. If this period is exceeded, the basic unit is no longer responsible for its goods lot. Conversely, after testing and acceptance is completed, responsibility for technical errors no longer falls to the basic unit but to the goods acceptance detachment.

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LABOR

VIETNAM

ELECTRICAL EQUIPMENT WORKERS REPORT HARDSHIPS

Hanoi LAO DONG in Vietnamese 24 Jul 86 p 3

[Unattributed article: "Dialogue with the Workers"; the abridged text of a reporter]

[Text] Four wooden tables were joined together in the very middle of a small room. Pham The Duet, Acting Chairman of the Vietnam Confederation of Trade Unions; and Vu Xuan Can and Pham Loi, Members of the Secretariat of the Confederation of Trade Unions, came to sit with the workers. Party Committee Secretary Toan and Director Giao of the Hanoi Electrical Measurement Manufacturing Plant introduced the visitors from the Confederation of Trade Unions to the workers. On the occasion of the 28 July anniversary of the founding of the Vietnam Union organization, the leaders of the Confederation of Trade Unions were visiting the plant and wished to talk directly with the workers. Pham The Duet added, "Don't believe that the high-level union cadres only come to visit on anniversaries. We very much wish to hold casual conversations like this. You are now invited to speak first."

There was a moment of silence. Toan stood up and happily said, "It seems that Chau has prepared an opinion for presentation to the General Secretary."

Chau stood up and said with a nervous voice, "Sirs, I am a union member but this is the first time I have ever talked to the high-level cadres of the union organization."

After describing the labor and production situation at the plant, she said, "Inform the trade union upper echelons that exhausting work in fulfilling labor contracts still does not provide enough to eat. If my grade 6 salary is spent in the most frugal manner, it still lasts for only 1 week. I suggest you ask the upper echelons what can be done to ensure us sufficient health to work."

"I am a press operator with a 5/7 pay grade and wish to report that the labor norms and returns of the high and low-level craftsmen at the present time are irrational. Additionally, "we" have cut the between-shift lunches from the system now and many must fast at noon, including me. Whatever you economize on, please do not economize on the between-shift meals of the workers."

Ngoc, a grade 5/7 lathe operator, was "nudged in the ribs" by a woman sitting next to her and immediately stood up to say, "They are all correct. Material costs are now extremely high and the sales prices of products are extremely

low. Our plant previously made transformers and now watt-hour meters (electric meters). To produce 1,000 watt-hour meters takes much more effort than one transformer but the value is the same. With such prices, we workers do not have enough to eat and consequently, our health is poor, category 2 and 3 health examinations account for up to 60 percent and only an extremely few are category 1."

Pham Loi, Member of the Secretariat of the Confederation of Trade Unions and Secretary of the Hanoi Trade Union Federation, asked, "If it's so difficult, how can we live and what should we do now?"

The small suggestion of Loi caused the conversation to become lively. Hien, a product quality control cadre, Xuan from the administrative office, and Tinh of the organization office, all voiced their thoughts and each tried to find specific opinions for contribution to the state and the trade union aimed at resolving the difficulties in production and life. Y, the machine shop supervisor, sincerely requested that the state implement methods of stabilizing prices and ending the situation of the "entire nation trading." Vu Xuan Can interrupted Y and asked, "Faced with such a situation, what must the trade union do now?"

"Sir," Y said, "In my place, the production team chief is absent and the trade union team chief stands up to handle production. Such a procedure is not good but it is better than simply talking or only demanding and not taking responsibility. At this time, I would like the trade union to do one specific thing. It is the same at the basic level. To do and then talk and to talk after doing good work is always worth more, right!"

Noting that the time was up but that many still wished to speak, Director Giao stood up, "Duyet and all of you, serving as a director now is too difficult. Year round, I am 'pursuing' jobs and materials. Any job is taken, the largest a 1,700 kilowatt meter and the smallest a meter the size of matchbox. With such difficulties, the lives of the workers are as you have heard. I believe it is extremely irrational that any enterprise producing production materials such as ours does not have enough to eat while another location producing consumer materials is comfortable."

A few of the men and women sitting in the hallway exchanged small talk:

"What method should we choose?"

"It doesn't matter for first of all, we must choose the conscience of a craftsman."

"I'm out of ideas."

They shook hands and laughed pleasantly.

In the conference room, Giao continued, "Upper echelons tell us that it is necessary to establish rational production costs. However, they are rational one month and irrational the next. In the beginning, they rise rapidly and in the end, we are forced to stand still. How is it possible to 'live' like that?"

Pham Loi, who recently attended a meeting of the Municipal People's Council, announced a number of the newest decisions of the Municipal People's Council on methods of resolving difficulties in the lives of the laboring people. Pham The Duet presented the main points, "Loi has been a great help. I will only add a few additional items. I very much like unpretentious and unceremonious but extremely useful get togethers like today. Your opinions are all real and we must accept and find ways of overcoming them. I believe that your opinions are not demands but legitimate aspirations, including the specific ideas on assisting to formulate the systems and policies of the party, the state and the Confederation of Trade Unions. I also think that for the revolutionary undertaking of the people to advance and to achieve a wealthy nation and a strong people, only the worker class and farmers can do it. It is necessary first of all to work and to work with all one's effort. I say this not as an appeal but as an urgent demand of the nation. Only with work can difficulties like those at the present time be resolved. Under the living conditions which you have just described, you have during the first 6 months of the year, still completed more than 50 percent of the plan for the entire year and still have projects for welcoming the party congress and products for welcoming the anniversary of the founding of the Vietnam Trade Union organization. This proves that our worker class is ready to overcome every difficulty to build the nation.

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LABOR

VIETNAM

ROLE OF ASSAULT YOUTH IN ECONOMIC CONSTRUCTION REVIEWED

Hanoi NHAN DAN in Vietnamese 17 Sep 86 p 2

[Article by Phan Van Tuyen, head of the General Assault Youth Unit for Economic Construction of the Capital City: "Direction for Labor Organization and Youth Employment"]

[Text] Each year in Hanoi, there are tens of thousands of youths who reach the working age and must be given jobs. This is not only an economic problem but also has a political and social significance and requires positive solution by the city.

The municipal people's committee has entrusted one of its vice chairmen with the duty to assist the Ho Chi Minh Communist Youth Union in the city and to guide the coordination of all sectors with the youth union in order to organize labor and give jobs to young people through the medium of the General Assault Youth Unit for Economic Construction of the Capital City.

The general unit is an economic organization which is directly subordinate to the municipal people's committee and which carries out activities like a federation of enterprises. The municipal youth union is responsible for building and organizing the working apparatus, mobilizing the youth force, managing youths politically and ideologically, and launching a mass movement. The general unit was founded in January 1985; at present, it has 8 constituent enterprises and 3,000 members who are stationed in some provinces and in the urban and rural areas of Hanoi City and who act as an assault force to carry out difficult tasks of the city, such as exploiting coal, planting crops on bare hillsides, producing building materials, digging lakes, performing capital construction, and growing tea and coffee.

For nearly 2 years, the mission accomplished by the General Assault Youth Unit has begun to exercise an economic effect and has helped educate and train the youth. The Hanoi youths stationed in Quang Ninh include over 800 cadres and unit members who are striving to fulfill the 1986 plan norms of 20,000 tons of lump coal for export and 60,000 tons of coal dust for the city's consumption and who have had to build by themselves housing projects and other facilities for 800 to 1,000 laborers. At the youth afforestation enterprise in Ba Vi, over 400 assault youths have not only done the principal task of afforesting bare hillsides but have also, by their own means, built houses, conference rooms, and clubs with an area of 2,500 square meters; produced

wooden ware and bricks, baked limestone, grown aromatic plants for essential oil extraction, and raised domestic animals with the objective of improving the standard of living. After nearly 2 years of efforts, they have overfulfilled the 1985 and 1986 plan norms and grown and tended eucalyptus and indigo trees on 380 hectares of forest. In addition to attaining the assigned economic targets, it is important for assault youth enterprises to fulfill the political objectives of the youth union and continuously to educate and train young people. These enterprises are divided into production platoons and squads to perform production and other activities in a militarized style while considering it important to organize activities after the working hours.

Apart from such enterprises as the building enterprise, the 30-4 work site, and the general machine production workshop which are located in the city, almost all units are stationed far from the capital city, for example, in Quang Ninh to produce coal, in Ha Ninh to grow rush (to provide a raw material for young laborers in Hanoi to perform production), and in Lam Dong to grow tea and coffee for export. The difficulty experienced at the outset by assault unit members was the need to struggle against homesickness and the longing for their former city streets and friends; there was also the need to accustom themselves with greater hardships in their material and moral lives. But their assault spirit and voluntarism helped them overcome these obstacles and mix with the common working atmosphere in their units. The cadres assigned to these units are former youth union cadres who are full of enthusiasm and conversant with mass proselyting, who are armed with a knowledge of economic and technical management, and who play an important role in stabilizing and organizing the labor force and organizing socialist emulation. After living and training in this environment for 2 years, many unit members have matured, nearly 800 youngsters have been admitted to youth union membership, and 200 outstanding youth union members have been recommended for party membership by the union. There has been an awareness of the assault youth's urgent need for cultural and intellectual activities (which are sometimes more important to them than their material needs), especially in units stationed in remote and isolated areas. This problem has received the attention of all enterprises within the realms of possibility but little has been done because of difficulties with material facilities and the organizational method. By using their own products, these enterprises have paid all production expenditures, accumulated some capital, and gradually improved the living conditions. This has ensured the survival and development of the enterprises and have, at the same time, opened up the prospect of expanding the units' formation on a large scale. Assault youth enterprises which carry out economic activities have a political strength because they are organizations of the youth union, and are in an advantageous position because they are economic organizations. They have thus the conditions to muster and educate the youth through productive labor. They are also centers to train quickly youth union cadres into economic management cadres, thus creating a source of cadres for various sectors in the city.

Assault youth unit members who perform production in an outstanding manner will be chosen for study and work in xx foreign countries. After living for 3 years at an enterprise, any unit member who volunteers to stay longer will be entitled to some prerogatives, such as housing and assistance in founding his own family. Labor management at the assault youth enterprises has its own characteristics

and difficulties. Leading cadres must not only manage production and be able to proselyte the masses but must also take care of the lives of workers and the peculiar needs of units which are 100 percent composed of young people who live together in a concentrated manner far from their families. In these units, the need for equity, impartiality, and equality is greater than in other types of enterprise. The rapidly increasing number of laborers at each youth enterprise calls for a corresponding maturity of cadres but it is still necessary to make sure that the management apparatus remains compact and light (indirect laborers now represent only 2 to 6 percent of the total personnel of the general unit). Special emphasis has been laid on labor effectiveness as well as on the youth's need for cultural enjoyment, education, and training. On joining the general unit, many youngsters are still backward. Because the cadres to be assigned to assault youth units constitute one of the decisive factors, they must be prepared, trained and improved more carefully to cope with the development of the assault youth force.

To give jobs to young people, greater attention must be paid to organizing an on-the-spot labor force through the medium of assault youth interunits at the grassroots level--a task already started in Hanoi. This type of force has been built in three urban wards and some rural districts by applying the system of sponsorship and economic management by people's committees versus motivation, organization, and education by the youth union. In addition to assigning youths to work sites to build earth foundations, Hoan Kiem Ward has produced bricks and wooden furniture and offered repairing service. Hai Ba Trung Ward has produced building materials, printed labels on metals, and built roads. Ba Dinh Ward has six youth production teams who make rush carpets, pave sidewalks, and produce locks and bricks. Considering the advantage of fully using the on-the-spot labor force, it is possible to motivate and attract many female youths. This organizational form can be developed. However, all assault youth interunits at the grassroots level are in an unstable situation because they lack cadres, experience, a knowledge of production, and capital, because the system in force is not clear-cut, and because they have not yet received realistic aid from economic agencies. Therefore, they are still perplexed. We hope that the authorities at various echelons and other sectors will pay more attention to youth production units, create conditions for them to carry out their activities effectively and bring about economic benefits, and take care of the young generation's interests.

The formation of assault youth units for economic construction of the capital city is still a novelty but is already developing. It will become a direction in which to provide jobs for young people if the whole city also contributes its efforts.

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